

ORIGINAL
NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION
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CORP COMMISSION
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IN THE MATTER OF THE PETITION OF)
NEW WORLD PROPERTIES, INC., ON)
BEHALF OF TRUST NO. 8559, FOR A)
DECLARATORY ORDER REGARDING)
THE LEGALITY, VALIDITY AND)
ENFORCEABILITY OF THE)
INFRASTRUCTURE COORDINATION,)
FINANCE AND OPTION AGREEMENT)
BETWEEN GLOBAL WATER RESOURCES,)
INC., AS SUCCESSOR-IN-INTEREST TO)
GLOBAL WATER RESOURCES, LLC.)

SW-20422A-13-0048
DOCKET NO. W-02450A-13-0048
**PETITION FOR DECLARATORY
ORDER**

Arizona Corporation Commission
DOCKETED
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INTRODUCTION

New World Properties, Inc. ("NWP"), an Arizona corporation, requests that the Arizona Corporation Commission ("Commission") issue its declaratory order addressing the legality of certain conduct and actions required under the Infrastructure Coordination, Finance and Option Agreement ("ICFA") dated as of July 11, 2006, between First American Title Insurance Company, a California corporation as trustee under Trust No. 8559 ("Trust 8559") and Global Water Resources, Inc., a Delaware corporation ("GWR Inc."), as successor-in-interest to Global Water Resources, LLC, a Delaware limited liability company ("GWR LLC"), and GWR Inc.'s wholly-owned affiliates Water Utility of Greater Tonopah, Inc., an Arizona corporation ("WUGT"), and Hassayampa Utility Company, Inc., an Arizona corporation ("HUC"). Serious questions have been raised regarding the legality of the conduct and actions

1 required of GWR Inc., under its many ICFAs, which necessarily calls into question the validity
2 and enforceability of the ICFAs themselves, including the ICFA between GWR Inc. and Trust
3 8559. The beneficiaries of Trust 8559 have paid millions of dollars in fees to date under the
4 ICFA in reliance upon the ICFA. With millions in additional fees remaining due under the
5 ICFA, the beneficiaries of Trust 8559 face serious financial harm unless the Commission
6 removes the continuing uncertainty by either (i) ruling that the conduct and actions required of
7 GWR Inc. under the ICFA are fully consistent with the Arizona Constitution, Arizona law and
8 the rules and decisions of the Commission, thereby confirming the legality, validity and
9 enforceability of the ICFA and the fees paid thereunder; or (ii) ruling that the conduct and
10 actions required of GWR Inc. under the ICFA are contrary to the Arizona Constitution, Arizona
11 law and/or the rules and decisions of the Commission, thereby rendering the ICFA invalid,
12 unenforceable and/or void.

13 Almost seven years ago, on March 8, 2006, Utilities Division Staff ("Staff") opened an
14 investigatory docket¹ entitled *In the Matter of the Commission's Generic Evaluation of the*
15 *Regulatory Impacts from the Use of Non-Traditional Financing Arrangements by Water*
16 *Utilities and their Affiliates* (the "Generic Docket") to consider various issues regarding GWR
17 Inc.'s use of ICFAs, including the following issues identified by former Commissioner Bill
Mundell in his letter dated June 7, 2006:

- 18 • What is the role of the Commission regarding ICFAs?
- 19 • Are the fees charged under ICFAs hook-up fees, and if so, what is the
20 legal basis for such fees when GWR Inc. is not a public service
21 corporation?
- 22 • Why do customers need a middleman to coordinate or supply services that
23 by law are required to be provided by public service corporations?²

24 Participants in the Generic Docket have filed written comments and attended workshops
25 organized and conducted by Staff. However, to date there has been no action by the
26

¹ Docket No. W-00000C-06-0149.

² Letter from Commissioner Williams A. Mundell dated June 7, 2006, and filed in Docket W-00000C-06-0149.

Commission in the Generic Docket to address the threshold questions raised by Commissioner Mundell and other critical questions regarding ICFAs, as described below.

Further, on March 29, 2006, Arizona Water Company ("AWC") filed a formal complaint³ (the "AWC Complaint") against GWR LLC, GWR Inc., Global Water Management, LLC ("GWM"), and various water and wastewater affiliates⁴ of GWR Inc. alleging serious violations of Arizona law arising out of conduct and obligations required under ICFAs. Specifically, AWC alleged:

- GWR Inc. is illegally acting as a public service corporation in violation of Article 15 of the Arizona Constitution, A.R.S. §§ 40-202 and 40-281, and A.A.C. R14-2-402.
- GWR Inc. and its wholly-owned subsidiaries have illegally entered into ICFAs and demanded and received fees and charges from landowners without approval from the Commission.
- GWR Inc., through its subsidiaries and regulated entities, illegally conducts business as a public service corporation.
- The ICFAs are not authorized by the Commission.
- No Arizona law or statute and no Commission decision, order, rule or regulation allows GWR Inc. to charge, demand or collect fees under an ICFA.
- The Commission expressly denied requests by GWR Inc. affiliates Global Water-Santa Cruz Water Company, Inc., and Global Water-Palo Verde Utilities Company, Inc., to charge up-front fees to developers and landowners similar to those required under the ICFAs.
- GWR Inc. is using ICFAs to charge forbidden fees which circumvent and evade Commission oversight, jurisdiction and authority.
- The fees and charges assessed under the ICFAs are illegal and improper utility service charges which have not been approved by the Commission.
- GWR Inc's ICFAs should be deemed unlawful and declared void.

In a filing by Staff in the AWC Complaint docket, Staff acknowledged the possibility that ICFAs are unauthorized, unlawful and/or invalid, raising the following warning:

³ Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200 and SW-03575A-06-0200 (consolidated).

⁴ HUC and WUGT were not named in the AWC Complaint.

1 When the Global Entities elected to enter into "coordination agreements," they
2 essentially chose to proceed at their own risk. The Global Entities could have
3 formally informed the Commission of their intent to proceed in this manner before
4 proceeding to sign up developers or end-users under their so-called "coordination
5 agreements." The Global Entities chose not to do so. They chose to proceed
6 knowing full well that the Commission may find their actions to be inappropriate
7 or without the necessary Commission authorizations. They ultimately must bear
8 the consequences of their actions. The consequences of the Companies actions
9 could be as severe as to affect the validity of the contracts it entered into if the
10 Companies did not have the legal ability to do so in the first place. In addition, the
11 Commission has the authority to levy fines upon entities that are found to have
12 violated Commission rules and orders, and statutes under which the Commission
13 operates.⁵ (Emphasis added)

14 Section 4 of Trust 8559's ICFA specifically acknowledged the AWC Complaint and the
15 possibility that the Commission could determine that the ICFAs "are invalid or against the
16 law."⁶ However, before any of the serious allegations raised in the AWC Complaint could be
17 evaluated and adjudicated by the Commission, the AWC Complaint was withdrawn as a result
18 of a May 15, 2008, settlement agreement ("Settlement Agreement") between AWC, GWR Inc.
19 and its affiliates. The Settlement Agreement addressed only the resolution of the competing
20 applications for certificates of convenience and necessity filed by AWC and affiliates of GWR
21 Inc.,⁷ and it lacked any discussion regarding the actual merits of the serious allegations
22 contained in the AWC Complaint. Likewise, there was no discussion of the merits of AWC's
23 allegations in Decision 73267 which granted the May 31, 2012, Joint Motion of Arizona Water
24 Company and Global Entities to Dismiss Formal Complaint. Thus, the litigants never allowed
25 the Commission the opportunity to evaluate and adjudicate the serious allegations raised in the
26 AWC Complaint, or to consider the questions raised by former Commission Mundell in his
June 7, 2006 letter. The legality, validity and enforceability of Trust 8559's ICFA therefore
remain in question.

⁵ Staff's Statement on Emergency Relief (Docket W-01445A-06-0200 et al.) dated July 7, 2006, at 3 (citation omitted).

⁶ Infrastructure Coordination, Finance and Option Agreement dated July 11, 2006, at 15-16.

⁷ Section 9(b) of the Settlement Agreement states only that: "The Parties agree that such disposition of the Complaint shall not be deemed to be an admission of liability, responsibility, or wrongdoing by Global nor an admission, acknowledgment, acceptance, or approval by Arizona Water Company of any of Global's activities or practices."

1 To date, the beneficiaries of Trust 8559 have funded payments of fees to GWR Inc.
2 totaling \$3,750,000 under the ICFA, and have incurred approximately \$2 million in entitlement
3 costs on the real property subject to the ICFA. The entitlement process is ongoing, and
4 completion of the entitlement process will require an additional \$5-6 million. When
5 entitlement of the real property is completed and development moves forward, an additional
6 \$16,875,000 in fees will be payable to GWR Inc. under the ICFA. Given the tens of millions
7 of dollars at stake, the beneficiaries of Trust 8559 cannot reasonably move forward with their
8 plans for the property unless the uncertainty surrounding the legality, validity and
9 enforceability of the ICFA is settled. The beneficiaries of Trust 8559 face serious financial
10 harm today as a result of that uncertainty, and the financial harm will increase in the future with
11 the expenditure of additional money unless the Commission acts to resolve the legal questions
12 raised herein. Thus, NWP requests on behalf of Trust 8559 and its beneficiaries that the
13 Commission establish a procedural schedule and set a hearing to address the unresolved legal
14 challenges raised in the AWC Complaint as well as the questions raised in the Generic Docket.
15 NWP further requests that the Commission direct Staff to participate in this case, as Staff did in
16 the AWC Complaint case and the Generic Docket, to assist the Commission in resolving the
17 challenges and questions surrounding Trust 8559's ICFA.

18 In support of this petition ("Petition"), NWP provides the following background and
19 facts:

20 PARTIES

21 1. Trust 8559 is the fee simple owner of real property (referred to herein as the
22 "Copperleaf Property") located within the Certificates of Convenience and Necessity
23 ("CC&Ns") of WUGT for water and HUC for wastewater. The Copperleaf Property is located
24 in Maricopa County and is described in the legal description attached hereto as Exhibit 1. The
25 Copperleaf Property will be developed as a master planned residential community with
26 approximately 3,750 homes at buildout.

1 2. NWP is an Arizona corporation which acquires, entitles and develops real estate
2 in Arizona. NWP manages the Copperleaf Property for the beneficiaries of Trust 8559. A
3 letter dated February 28, 2013, from First American Title Insurance Company as trustee of
4 Trust 8559 authorizing NWP to file this Petition is attached hereto as Exhibit 2.

5 3. WUGT is a public service corporation under the jurisdiction of the Commission
6 and is authorized to provide water utility service near the Town of Tonopah, Arizona, including
7 the Copperleaf Property. WUGT is one of five utilities owned by West Maricopa Combine,
8 Inc., an Arizona corporation ("WMC Inc."). Upon information and belief, the business address
9 of WUGT is 21410 N. 19th Avenue, Suite 201, Phoenix, Arizona 85027.

10 4. WMC Inc. is wholly owned by Global Water, LLC, a Delaware limited liability
11 company, ("Global Water LLC") which, in turn, is wholly owned by GWR Inc. Upon
12 information and belief, WMC Inc. is a public utility holding company within the meaning of
13 A.A.C. R14-2-801 *et seq.* WMC Inc. owns the following regulated utilities: Willow Valley
14 Water Company, Inc., Water Utility of Northern Scottsdale, Inc., Valencia Water Company,
15 Inc., Water Utility of Greater Buckeye, Inc., and Water Utility of Greater Tonopah, Inc.
16 (collectively, the "West Maricopa Combine Utilities"). Upon information and belief, the
17 business address of WMC Inc. is 21410 N. 19th Avenue, Suite 201, Phoenix, Arizona 85027.

18 5. HUC is a public service corporation under the jurisdiction of the Commission
19 and is authorized to provide wastewater utility service near the Town of Tonopah, Arizona,
20 including the Copperleaf Property. HUC is owned by Global Water LLC which, in turn, is
21 owned by GWR Inc. Upon information and belief, the business address of HUC is 21410 N.
22 19th Avenue, Suite 201, Phoenix, Arizona 85027.

23 6. Upon information and belief, Global Water LLC is a public utility holding
24 company within the meaning of Arizona Administrative Code R14-2-801 *et seq.* Global Water
25 LLC owns the West Maricopa Combine Utilities together with the following additional
26 regulated utilities: Global Water – Santa Cruz Water Company, Inc., Global Water – Palo
Verde Utilities Company, Inc., Global Water – Picacho Cover Water Company, Inc., Global

1 Water – Picacho Cove Utilities Company, Inc., Balterra Sewer Corp., CP Water Company and
2 Hassayampa Utility Company, Inc. The West Maricopa Combine Utilities and these additional
3 utilities are collectively referred to herein as the "Global Utilities." Upon information and
4 belief, the business address of Global Water LLC in Arizona is 21410 N. 19th Avenue, Suite
5 201, Phoenix, Arizona 85027.

6 7. Upon information and belief, GWR Inc. is a public utility holding company
7 within the meaning of Arizona Administrative Code R14-2-801 *et seq.* Through its ownership
8 of Global Water LLC, GWR Inc. owns and controls each of the Global Utilities. Upon
9 information and belief, the business address of GWR Inc. in Arizona is 21410 N. 19th Avenue,
10 Suite 201, Phoenix, Arizona 85027.

11 8. The formation of GWR Inc. occurred on December 30, 2010, through a
12 reorganization of Global Water Resources, LLC and its subsidiaries and Global Water
13 Management, LLC ("GWM") (the predecessors to GWR Inc),⁸ GWM is now a wholly owned
14 affiliate of GWR Inc. Upon information and belief, GWR LLC no longer exists as a separate
15 legal entity. A chart depicting the corporate structure of GWR Inc., GWM, Global Water LLC,
16 WMC Inc., and the Global Utilities is attached hereto as Exhibit 3.

17 BACKGROUND

18 9. Trust 8559 entered into the Infrastructure Coordination, Finance and Option
19 Agreement with GWR LLC as of July 11, 2006. A copy of the ICFA is attached hereto as
20 Exhibit 4. Trust 8559 is referred to as "Landowner" in the ICFA.

21 10. GWR LLC is referred to as "GWR" or "Coordinator" in the ICFA. Upon
22 information and belief, the ICFA has been assigned by GWR LLC to GWR Inc. Hereinafter,
23 GWR Inc. will be identified as the party to the ICFA in lieu of GWR LLC.
24

25 ⁸ Global Water Annual Report 2011 at p. 5, [http://www.gwresources.com/investors/Documents/reports/2011-](http://www.gwresources.com/investors/Documents/reports/2011-annual_financial_report.pdf)
26 [annual_financial_report.pdf](http://www.gwresources.com/investors/Documents/reports/2011-annual_financial_report.pdf)

1 11. Upon information and belief, neither GWR LLC nor GWR Inc. have ever
2 applied to the Commission for a CC&N to provide utility services in Arizona, nor does either
3 GWR LLC or GWR Inc. hold a CC&N to provide utility services in Arizona.

4 12. Upon information and belief, neither GWR LLC nor GWR Inc. submitted the
5 ICFA to the Commission for approval, and the ICFA has not been approved by the
6 Commission.

7 13. Pursuant to Section 1 of the ICFA, GWR Inc. agreed to perform the following
8 tasks for Trust 8559:

9 Coordinator shall facilitate, arrange and/or coordinate with WUGT and HUC to
10 provide Utility Services to Landowner, including without limitation, obtaining any
11 and all necessary permits and approvals from the ACC, ADWR, ADEQ, MCESD
12 and MAG for WUGT and HUC lawfully to provide timely Utility Services to the
13 Land, which will contain approximately 3,750 EDUs. In return for the payments
14 by Landowner herein, and subject to the terms herein, Coordinator, through
15 WUGT and HUC, shall construct any and all water, reclaimed water, and
16 wastewater treatment plant[s], delivery facilities and lines required by the
17 development plan to the Delivery Points and to a reclaimed water storage facility
18 within the Land, at locations to be requested by Coordinator or Landowner
consistent with the development master plan and plats, and approved by
Landowner.... Coordinator shall achieve substantial completion of the WTP and
WRF within 18 months of the issuance of the Start Work Notice ... described in
subsection 4.1 below including any Off-Site Facilities. Coordinator shall and
hereby does financially guarantee to Landowner that WUGT and HUC shall have
sufficient financial resources to construct the appropriate water, reclaimed water,
and wastewater facilities to provide water, reclaimed water and wastewater
services to the Land for approximately 3,750 EDUs....

19 14. Pursuant to Section 2 of the ICFA, GWR Inc. agreed to coordinate with its
20 affiliates WUGT and HUC as follows:

21 Coordinator shall cooperate with Landowner as reasonably requested by
22 Landowner and shall arrange and obtain the list of services on Exhibit D hereto for
23 Landowner to be provided from WUGT and HUC, subject to obtaining the
24 applicable regulatory approvals.... To the extent either WUGT or HUC requests
25 that Landowner contribute or finance additional monies for Off-Site Facilities to
26 provide water, reclaimed water or wastewater service to the Land, Coordinator
hereby acknowledges and agrees that Landowner shall not be responsible for
payment of such additional costs for Off-Site Facilities to WUGT or HUC.
Rather, Coordinator shall be responsible for payment of any and all such additional

costs for Off-Site Facilities as requested by WUGT or HUC or as otherwise required....

15. Pursuant to Section 4 of the ICFA, Trust 8559 is obligated to make payments to GWR Inc. as follows:

Landowner, or its assigns in title and/or successors in title, shall pay Coordinator as an acquisition, interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement, at the times specified in this Agreement the total sum of \$5,500.00 per EDU in the Copperleaf development....

16. Pursuant to Section 3.5 of the ICFA, Trust 8559 is further obligated:

[T]o deed or cause the deeding by the record owner, free and clear of all liens and encumbrances, and at no cost to Coordinator, one twenty (20) acre wastewater treatment site for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006 and as determined in consultation with Landowner, to Coordinator or to HUC prior to the filing of an Aquifer Protection Permit by HUC.... If required to meet MAG 208 regional plan requirements, after the initial 20 acres are conveyed, and upon Coordinator's request, Landowner shall convey to Coordinator, or HUC or Coordinator's nominee subject to the requirements of [the ICFA], excess land in the amount of up to an additional 10 acres contiguous to the WRF site....

17. Pursuant to Section 3.6 of the ICFA:

The Landowner further agrees, within 12 months of the execution of [the ICFA], or as soon thereafter as is reasonably possible under applicable Arizona laws, and at no cost to Coordinator, to deed, free and clear of all liens and encumbrances, a three (3) acre water treatment site ("WTP") to Coordinator or to WUGT in a location reasonably requested by Coordinator or WUGT and approved in writing by Landowner.

18. With an anticipated 3,750 equivalent dwelling units ("EDUs") within the Copperleaf Property, the beneficiaries of Trust 8559 will pay GWR Inc. approximately \$20,625,000 in fees under the ICFA for the construction of off-site water and wastewater facilities to serve the Copperleaf Property. As of the date of this filing, the beneficiaries of Trust 8559 have paid GWR Inc. \$3,750,000 in fees under the ICFA and have incurred approximately \$2 million in additional entitlement costs pertaining to the Copperleaf Property.

1 Entitlement of the Copperleaf Property is ongoing, and completion of the entitlement process
2 will require an additional \$5-6 million.

3 19. On March 8, 2006, the Commission's Utilities Division Staff opened an
4 investigatory docket entitled "*In the Matter of the Commission's Generic Evaluation of the*
5 *Regulatory Impacts from the Use of Non-Traditional Financing Arrangements by Water*
6 *Utilities and their Affiliates*" as Docket W-00000C-06-0149 (the "Generic Docket"). Upon
7 information and belief, the Generic Docket was opened in response to the use of ICFAs by
8 GWR Inc.

9 20. In a letter filed in the Generic Docket by former Commissioner Bill Mundell
10 dated June 7, 2006, Commissioner Mundell asked GWR Inc. to address the following questions
11 regarding its ICFAs:

- 12 (a) [What is] GWR's perspective on the role of the Arizona Corporation
Commission regarding these agreements.
- 13 (b) The nature of the "per dwelling unit" fees charged by GWR. From afar,
14 they resemble "hook-up" fees. Are they? If so, please explain the legal
15 basis for these fees when GWR is not a Public Service Corporation (PSC).
If these fees are not for utility infrastructure, then what are the developers
receiving for these fees?
- 16 (c) Why do customers need a middleman to "coordinate" or even supply
17 services that by law are required to be provided by the referenced PSCs
18 (*i.e.*, Palo Verde Water Company, LLC and Santa Cruz Water Company,
LLC). The CC&Ns held by these companies seem to be legally sufficient
to ensure service. Please explain.⁹

19 21. In a letter filed in the Generic Docket by former Commissioner Jeff Hatch-
20 Miller dated June 12, 2006, Commissioner Hatch-Miller supported Commissioner Mundell's
21 request of GWR Inc., adding the following admonition:

22 Having well-capitalized private water/wastewater utilities, with experienced and
23 knowledgeable operational and managerial staff, is a vital component in enabling
24 the state to keep up with its growing infrastructure needs. In the process, however,
these regulated utilities must adhere to applicable state law, Commission

25 ⁹ Letter from Commissioner Williams A. Mundell dated June 7, 2006, and filed in Docket W-00000C-06-0149.
26

1 administrative rules and company-specific Commission decisions.¹⁰ (Emphasis
2 added)

3 22. AWC is an Arizona public service corporation engaged in providing water
4 utility service to customers in Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and
5 Yavapai Counties in Arizona. According to AWC's Annual Report for the year ending
6 December 31, 2011, AWC provides water utility service to over 84,700 customers in Arizona
7 through 22 water systems.¹¹ Upon information and belief, AWC has a very good reputation as
8 a water provider in Arizona and the company has been providing potable water service to
9 customers in Arizona for more than 50 years.

10 23. In Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-
11 0200, W-03576A-06-0200, and SW-03575A-06-0200 (consolidated), AWC filed the AWC
12 Complaint against GWR LLC, GWR Inc., GWM and various of the Global Utilities.¹² In the
13 AWC Complaint, AWC makes serious allegations regarding the legality of the actions of GWR
14 Inc. and its affiliates, and challenges the legality, validity and enforceability of the ICFAs
15 entered into by GWR Inc. These allegations include the following:

- 16 (a) "GWR LLC ... is illegally and improperly acting as a public service
17 corporation in Arizona in disregard and violation of Article 15 of the
18 Arizona Constitution, A.R.S. §§ 40-202 and 40-281, A.A.C. R14-2-402 and
19 the regulatory authority of the Commission."¹³
- 20 (b) "GWR Inc. ... is illegally and improperly acting as a public service
21 corporation in Arizona in disregard and violation of Article 15 of the
22 Arizona Constitution, A.R.S. §§ 40-202 and 40-281, A.A.C. R14-2-402 and
23 the regulatory authority of the Commission."¹⁴
- 24 (c) "GWM ... is illegally and improperly acting as a public service corporation
25 in Arizona in disregard and violation of Article 15 of the Arizona
26

¹⁰ Letter from Commissioner Jeff Hatch-Miller dated June 12, 2006, and filed in Docket W-00000C-06-0149.

¹¹ Annual Report of Arizona Water Company for the year ended December 31, 2011.

¹² HUC and WUGT were not named in the AWC Complaint.

¹³ Arizona Water Company, Formal Complaint, p. 2, lines 15-19 (footnote omitted).

¹⁴ *Id.* at p. 2, lines 19-23.

Constitution, A.R.S. §§ 40-202 and 40-281, A.A.C. R14-2-402 and the regulatory authority of the Commission."¹⁵

- (d) "GWR LLC, GWR Inc. and GWM, alone or in concert with entities that upon information and belief are GWR Inc.'s wholly owned subsidiaries, [Global Water-Santa Cruz Water Company, Inc., and Global Water-Palo Verde Utilities Company, Inc.], have illegally and improperly entered into agreements [ICFAs] and demanded and received various fees and charges from landowners and prospective utility customers in Arizona without approval from and outside of the regulatory authority and oversight of the Commission, in violation of Article 15, Section 3 of the Arizona Constitution, A.R.S. § 40-202 and the Commission's regulations, and against the public interests of the citizens of Arizona."¹⁶
- (e) "GWR LLC, GWR Inc. and GWM, through their subsidiaries and regulated entities, illegally conduct business as public service corporations in Arizona outside of and in disregard and violation of the regulatory authority of the Commission."¹⁷
- (f) "GWR LLC, GWR Inc. and GWM do not have authority to operate any water utility themselves, but instead have unlawfully represented to the public that they can provide utility services or direct their subsidiaries or affiliates to provide such services."¹⁸
- (g) "GWR LLC has engaged in an unauthorized scheme of entering into so-called 'Infrastructure Coordination and Finance Agreements' ('ICFAs') with a large number of landowners...."¹⁹
- (h) "The ICFAs provide in effect that GWR LLC will act as a utility by 'coordinating' and 'facilitating' utility services by its subsidiaries, 'causing' certain of its agents, including the Global Entities, to provide utility services, prepare master plans, build utility plant and extend water mains."²⁰
- (i) "No Arizona law or statute, and no Commission decision or order, rule or regulation, allows GWR LLC, GWR Inc. or GWM, which are attempting to act outside of the jurisdiction, oversight or approval of the Commission, to charge, demand or collect a fee for 'coordinating' or 'facilitating' the provision of such utility services."²¹

¹⁵ *Id.* at p. 2, line 23 through p. 3, line 3 (footnote omitted).

¹⁶ *Id.* at p. 3, lines 3-10.

¹⁷ *Id.* at p. 4, lines 15-18.

¹⁸ *Id.* at p. 6, lines 19-22.

¹⁹ *Id.* at p. 7, lines 22-25.

²⁰ *Id.* at p. 9, lines 21-25.

²¹ *Id.* at p. 9, line 25 through p. 10, line 3.

- 1 (j) "The Commission has expressly denied requests by SCWC and PVUC to
2 charge similar up-front fees to developers and landowners. See Decision
3 No. 61943 (September 17, 1999)...."²²
- 4 (k) "The Global Entities are using the ICFAs to circumvent those Commission
5 denials and evade the Commission's oversight and jurisdiction by collecting
6 fees in exchange for 'facilitating' utility services by subsidiaries in direct
7 violation of Commission orders and in violation of Article 15, Section 3 of
8 the Arizona Constitution and A.R.S. § 40-202. Upon information and
9 belief, GWR LLC may be mischaracterizing such unregulated payments by
10 landowners as 'paid in capital' to its regulated entities in order to evade
11 Commission policy, where such payments should be properly treated as
12 advances or contributions in aid of construction for ratemaking purposes, if
13 the utilities had been authorized to collect such fees, which they have
14 not."²³
- 15 (l) "Article 15, Section 2 of the Arizona Constitution provides that 'All
16 corporations other than municipal engaged in furnishing . . . water for
17 irrigation, fire protection, or for other public purposes . . . or engaged in
18 collecting, transporting, treating, purifying or disposing of sewage through
19 a system, for profit . . . shall be deemed public service corporations."²⁴
- 20 (m) "Pursuant to Article 15, Section 3 of the Arizona Constitution and Arizona
21 law, A.R.S. §§ 40-202 et seq., the Commission has exclusive authority and
22 jurisdiction to regulate public service corporations in the State, prescribe
23 just and reasonable rates and charges, and otherwise oversee the conduct,
24 contracts, accounts and rules of public utilities in the State."²⁵
- 25 (n) "Because of their conduct, including the coordination, facilitation and
26 provision of utility service by their regulated subsidiaries, GWR LLC,
GWR Inc. and GWM have acted as public service corporations without the
lawful authority to do so, and should be subjected to the jurisdiction,
regulation and oversight of the Commission."²⁶
- (o) "However, by means of their manipulation of the regulated subsidiaries,
and by purporting to act on their behalf, GWR LLC, GWR Inc. and GWM

²² *Id.* at p. 10, lines 3-6.

²³ *Id.* at p. 10, lines 6-15.

²⁴ *Id.* at p. 11, lines 18-22.

²⁵ *Id.* at p. 11, lines 23-27.

²⁶ *Id.* at p. 12, lines 1-5.

1 have sought to avoid and escape Commission regulation and oversight and
2 to implement practices, charges and fees that the Commission has expressly
3 forbidden."²⁷

4 (p) "Pursuant to Article 15, Section 3 of the Arizona Constitution and Arizona
5 law, including Arizona statutes codified in Title 40, Arizona Revised
6 Statutes, the Commission has authority and jurisdiction to prescribe all
7 rates and charges made by public service corporations within the State for
8 the provision of utility services, and to determine whether the manner and
9 method of operation employed by any public service corporation are unjust,
10 unreasonable or improper."²⁸

11 (q) "By means of the ICFAs, [Memorandums of Understanding], and other
12 actions, GWR LLC, GWR Inc. and GWM, and the entities they control,
13 have sought to avoid the regulation of the Commission and assess charges
14 and fees for utility services that were never approved and for the most part
15 were expressly rejected by the Commission."²⁹

16 (r) "The effect of the ICFAs is to allow GWR LLC to charge hookup fees for
17 the provision of utility services which the Commission has expressly
18 refused to allow SCWC and PVUC to charge, thereby unlawfully
19 circumventing the Commission's jurisdiction and authority."³⁰

20 24. In Docket Nos. SW-03575A-98-0327 and W-03576A-98-0328 (consolidated),
21 Global Water-Santa Cruz Water Company, Inc., ("SCWC") and Global Water-Palo Verde
22 Utilities Company, Inc., (PVUC") sought Commission approval of a Payment in Lieu of
23 Revenue ("Pilor") Charge to be imposed on builders and developers as their lots are sold to
24 buyers. Staff, however, recommended against approval of the proposed Pilor charges because
25 utility plant "would be constructed largely with the contributed funds of the builders and
26 developers and not by investor funds, debt or refundable main extension agreements as is
normally the case."³¹ Staff further recommended as follows:

[T]he proposed Pilor fees should be rejected by the Commission because they
would be inequitable to PVU's and SCW's customers because the funds would be
collected by the homebuilders from the lot buyers and paid to Applicants to fund
plant construction and pay operating expenses. Subsequently, as utility plant is

²⁷ *Id.* at p. 12, lines 5-9.

²⁸ *Id.* at p. 12, line 23 through p. 13, line 2.

²⁹ *Id.* at p. 13, lines 5-9.

³⁰ *Id.* at p. 13, lines 9-13.

³¹ Decision 61943, Finding of Fact 19.

constructed with customer funds, in future rate cases the customers will be required to pay in rates a return on utility plant that their own funds have already paid for.³²

25. In Decision 61943, the Commission adopted Staff's recommendations regarding the proposed Pilor charges and denied the request of SCWC and PVUC for such charges.³³

26. Article 15, Section 2 of the Arizona Constitution defines a public service corporation as follows:

All corporations other than municipal engaged in furnishing gas, oil, or electricity for light, fuel, or power; or in furnishing water for irrigation, fire protection, or other public purposes; or in furnishing, for profit, hot or cold air or steam for heating or cooling purposes; or engaged in collecting, transporting, treating, purifying and disposing of sewage through a system, for profit; or in transmitting messages or furnishing public telegraph or telephone service, and all corporations other than municipal, operating as common carriers, shall be deemed public service corporations.

27. Article 15, Section 3 of the Arizona Constitution describes the powers of the Commission to set classifications, rate and charges for public service corporations as follows:

The corporation commission shall have full power to, and shall, prescribe just and reasonable classifications to be used and just and reasonable rates and charges to be made and collected, by public service corporations within the state for service rendered therein, and make reasonable rules, regulations, and orders, by which such corporations shall be governed in the transaction of business within the state, and may prescribe the forms of contracts and the systems of keeping accounts to be used by such corporations in transacting such business, and make and enforce reasonable rules, regulations, and orders for the convenience, comfort, and safety, and the preservation of the health, of the employees and patrons of such corporations; Provided, that incorporated cities and towns may be authorized by law to exercise supervision over public service corporations doing business therein, including the regulation of rates and charges to be made and collected by such corporations; Provided further, that classifications, rates, charges, rules, regulations, orders, and forms or systems prescribed or made by said corporation commission may from time to time be amended or repealed by such commission.

28. A.R.S. § 40-202(A) provides, in part, as follows:

³² *Id.* at Finding of Fact 20.

³³ *Id.* at p. 14, lines 4-6.

1 The commission may supervise and regulate every public service corporation in
2 the state and do all things, whether specifically designated in this title or in
3 addition thereto, necessary and convenient in the exercise of that power and
4 jurisdiction.

5 29. A.R.S. § 40-281 provides, in part, as follows:

6 A. A public service corporation, other than a railroad, shall not begin construction
7 of a street railroad, a line, plant, service or system, or any extension thereof,
8 without first having obtained from the commission a certificate of public
9 convenience and necessity.

10 * * *

11 C. No such corporation shall exercise any right or privilege under any franchise or
12 permit without first having obtained from the commission a certificate of public
13 convenience and necessity.

14 30. A.A.C. R14-2-402(B)(1) states as follows:

15 Any person who desires to construct water utility facilities or to operate as a water
16 utility shall, prior to commencing construction of utility facilities or operations,
17 file with the Commission an application for a CC&N and obtain Commission
18 approval.

19 31. A.A.C. R14-2-602(B)(1) states as follows:

20 Any person who desires to construct sewer utility facilities or to operate as a sewer
21 utility shall, prior to commencing construction of utility facilities or operations,
22 file with the Commission an application for a CC&N and obtain Commission
23 approval.

24 32. The Commission has adopted rules pertaining to the organization of public
25 utility holding companies which are set forth in A.A.C. R14-2-801 *et seq.* A.A.C. R14-2-
26 804(B) and (D) state as follows:

B. A utility will not consummate the following transactions without prior
approval by the Commission:

1. Obtain a financial interest in any affiliate not regulated by the
Commission, or guarantee, or assume the liabilities of such
affiliate.
2. Lend to any affiliate not regulated by the Commission, with the
exception of short-term loans for a period less than 12 months in an
amount less than \$100,000; or

- 1 3. Use utility funds to form a subsidiary or divest itself of any
2 established subsidiary.

3 ***

- 4 D. Every transaction in violation of subsection (A) or (B) above is void, and
5 the transaction shall not be made on the books of any public service
6 corporation.

7 33. In the AWC Complaint, AWC requested that the Commission take the following
8 actions, among others:

- 9 (a) "Direct the appropriate Global Entities and any other Respondents as
10 discovery may reveal to appear and show cause why they, by acting as the
11 alter egos of public service corporations, should not themselves be declared
12 to be acting as public service corporations pursuant to Article 15, Section 2
13 of the Arizona Constitution and be subjected to the jurisdiction and
14 regulation of the Commission, and why an injunction or cease and desist
15 order should not issue directing such entities and their officers, agents and
16 consultants and others within their control to cease acting as public service
17 corporations unless and until they subject themselves to the jurisdiction and
18 regulation of the Commission."³⁴
- 19 (b) "Direct the appropriate Global Entities and any other Respondents as
20 discovery may reveal to appear and show cause why they should not be
21 ordered to cease and desist imposing and collecting the charges and fees
22 assessed under the ICFAs and MOUs, which constitute illegal and improper
23 utility service charges which have not been approved by the Commission,
24 and why an injunction or cease and desist order should not issue directing
25 such parties and their officers, agents and consultants and others within
26 their control to cease contacting landowners and prospective customers,
 entering into negotiations and assessing or paying fees and charges under
 such agreements that are not approved by the Commission."³⁵
- (c) "Direct the Global Entities and any other Respondents as discovery may
 reveal, and their officers, agents and consultants and others within their
 control, to appear and show cause why the ICFAs should not be deemed
 unlawful and declared void, with all fees and charges collected to be
 refunded forthwith to the respective landowners, with interest and upon
 other appropriate terms, and that they take steps to release and reconvey

³⁴ *Id.* at p. 15, lines 2-10.

³⁵ *Id.* at p. 15, lines 10-19.

any recorded interests arising out of the ICFAs so as to restore clear title to the affected properties."³⁶

34. Staff admonished GWR Inc. regarding the risk of executing ICFAs without prior authorization from the Commission in a July 7, 2006, filing in the AWC Complaint docket, stating:

When the Global Entities elected to enter into "coordination agreements", they essentially chose to proceed at their own risk. The Global Entities could have formally informed the Commission of their intent to proceed in this manner before proceeding to sign up developers or end-users under their so-called "coordination agreements." The Global Entities chose not to do so. They chose to proceed knowing full well that the Commission may find their actions to be inappropriate or without the necessary Commission authorizations. They ultimately must bear the consequences of their actions. The consequences of the Companies' actions could be as severe as to affect the validity of the contracts it [sic] entered into if the Companies did not have the legal ability to do so in the first place. In addition, the Commission has the authority to levy fines upon entities that are found to have violated Commission rules and orders, and statutes under which the Commission operates.³⁷

35. GWR Inc. acknowledged that the allegations of illegality contained in the AWC Complaint could result in the invalidation of the ICFA under Arizona law as evidenced by the inclusion of an express acknowledgement in Section 4 of the ICFA which states, in relevant part, as follows:

[T]he Parties understand and agree that a complaint has been filed against Coordinator with the ACC under Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03567A-06-0200 [sic], and SW-03575A-06-0200 alleging that certain Infrastructure, Coordination and Finance Agreements executed by Coordinator are invalid by Arizona law. In the event that the ACC determines that Coordinator's Infrastructure, Coordination and Finance Agreements are invalid or against the law, the Parties hereby agree to amend this Agreement to conform to any such decision issued by the ACC and in doing so shall make best efforts to maintain the substance (including all benefits and obligations) of this Agreement in any amended or restated agreement. To be effective, an amendment or restated agreement shall require the written consent of the Parties. In the event that such decision by the ACC materially alters the

³⁶ *Id.* at p. 15, lines 10-19

³⁷ Staff's Statement on Emergency Relief dated July 7, 2006 (Docket W-01445A-06-0200 et al.) at p. 3, lines 15-25.

substance of the transaction between Landowner and Coordinator, and precludes Coordinator from fulfilling its obligations or materially increases the costs to Landowner under this Agreement, the Parties agree that this Agreement may be voided and Coordinator shall refund any and all payments made under this Agreement to Landowner that are in excess of costs incurred for services or construction to date as previously approved by Landowner which such costs shall not be more than 15% of the Landowner Payments made to date if such ACC decision occurs prior to issuance of the SWN by Landowner. (Emphasis added)

36. On May 15, 2008, AWC and GWR LLC and its subsidiaries and affiliates entered into a Settlement Agreement which resolved the parties' disputes regarding their competing CC&N applications but did not discuss the merits of any of the serious allegations raised in the AWC Complaint. Rather, the Settlement Agreement states that:

Following the Commission's approval of the Amended Planning Areas and CCN Applications, Arizona Water Company and Global shall jointly request the Commission to dismiss Arizona Water Company's complaint against Global, without prejudice, in accordance with the terms of this Agreement.

The Parties agree that such disposition of the Complaint shall not be deemed to be an admission of liability, responsibility, or wrongdoing by Global nor an admission, acknowledgment, acceptance, or approval by Arizona Water Company of any of Global's activities or practices.³⁸

37. On May 1, 2012, a Joint Motion of Arizona Water Company and Global Entities to Dismiss Formal Complaint (the "Joint Motion") was filed with the Commission in Docket W-01145A-06-0200 *et al.*, and on July 30, 2012, the Commission issued Decision 73267 granting the Joint Motion and dismissing the AWC Complaint without prejudice.

38. There is nothing in Decision 73267 which adjudicates or even discusses the serious allegations raised in the AWC Complaint. In fact, there is no decision of the Commission which evaluates and adjudicates the merits of the serious allegations raised in the AWC Complaint. Nor has the Commission taken any action to date in the Generic Docket which answers the questions raised in the June 7, 2006 Mundell letter.

³⁸ Settlement Agreement dated May 15, 2008, filed in Docket W-01145A-06-0200 *et al.*, at Sections 4(g) and 9(b).

1 39. The value of the ICFA to Trust 8559 and its beneficiaries is the certainty of
2 backbone water, wastewater and reclaimed wastewater infrastructure to serve the Copperleaf
3 Property constructed on time at a known cost. However, the beneficiaries of Trust 8559 face
4 serious financial harm today as a result of the uncertainty surrounding the legality, validity and
5 enforceability of the ICFA, and that financial harm will increase dramatically if the ICFA is
6 later determined to be invalid or against the law by the Commission, or if the ICFA is
7 materially altered by the Commission. To avoid these harms, the Commission should act
8 immediately to resolve the serious questions raised regarding the ICFA as described herein.

9 **JURISDICTION AND VENUE**

10 40. Jurisdiction and venue are proper before the Commission pursuant to Article 15,
11 Section 3 of the Arizona Constitution and A.R.S. §§ 40-202 and 40-203.

12 **REQUEST FOR DECLARATORY RULING**

13 41. NWP on behalf of Trust 8559 and its beneficiaries requests that this
14 Commission enter its order addressing and adjudicating the following unresolved questions:

- 15 (a) Whether in performing the obligations required of GWR Inc. under the
16 ICFA, GWR Inc. is illegally conducting business as a public service
17 corporation in violation of Article 15 of the Arizona Constitution, A.R.S.
18 §§ 40-202 and 40-281, A.A.C. R14-2-402(B)(1) and R14-2-602(B)(1),
19 and/or any other statutes, rules or decisions of the Commission.
- 20 (b) Whether GWR Inc., acting alone or in concert with WUGT or HUC, has
21 illegally and/or improperly entered into the ICFA with Trust 8559 in
22 violation of Article 15, Section 3 of the Arizona Constitution, A.R.S. §§ 40-
23 202 and 40-281, A.A.C. R14-2-402(B)(1) and A.A.C. R14-2-602(B)(1),
24 and/or any other statutes, rules or decisions of the Commission.
- 25 (c) Whether by executing the ICFA, GWR Inc. is acting as the alter ego of
26 WUGT and/or HUC.
- (d) Whether the ICFA requires approval by the Commission.
- (e) Whether the lack of Commission approval of the ICFA renders the ICFA
void or otherwise legally unenforceable.

- (f) Whether Arizona statutes, rules, and/or the decisions of the Commission authorize GWR Inc. to charge and collect fees for coordinating and/or facilitating the utility services described in the ICFA.
- (g) Whether the fees collected under the ICFA are hook-up fees, and if so, may such fees lawfully be collected in the absence of an approved hook-up fee tariff for WUGT and/or HUC.
- (h) Whether the fees paid under the ICFA may be accounted for by GWR Inc. as paid-in capital to WUGT and HUC or should they be treated as advances in aid of construction or contributions in aid of construction.
- (i) Whether the payments required of Trust 8559 under the ICFA are effectively a Payment in Lieu of Revenue Charge or Pilor which was rejected by the Commission in Decision 61943 in the case of GWR Inc. affiliates SCWC and PVUC.
- (j) Whether the ICFA constitutes a guarantee of the liabilities of GWR Inc. by WUGT and/or HUC in violation of A.A.C. R14-2-804(B)(1), and if so, whether the ICFA is void pursuant to A.A.C. R14-2-804(D) for lack of Commission approval.
- (k) Whether the ICFA constitutes a use of utility funds to form a subsidiary or divest an established subsidiary in violation of A.A.C. R14-2-804(B)(3), and if so, whether the ICFA is void pursuant to A.A.C. R14-2-804(D) for lack of Commission approval.

Trust 8559 requests that the Commission issue a procedural order setting a time and place for a hearing upon this Petition. Trust 8559 further requests that the Commission direct Staff to participate in this case as a resource to the Commission.

1 RESPECTFULLY SUBMITTED this 1st day of March, 2013.

2
3 Garry D. Hays, Esq.
4 The Law Offices of Garry D. Hays, PC
5 1702 East Highland Avenue, Suite 204
6 Phoenix, Arizona 85016

7 Attorney for New World Properties, Inc.,
8 on behalf of Trust No. 8559 and its
9 beneficiaries

10 ORIGINAL and thirteen (13) copies
11 filed on March 1, 2013, with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington Street
15 Phoenix, AZ 85007

16 COPY of the foregoing hand-
17 delivered on March 1, 2013, to:

18 Chairman Bob Stump
19 ARIZONA CORPORATION COMMISSION
20 1200 W. Washington Street
21 Phoenix, Arizona 85007

22 Commissioner Gary Pierce
23 ARIZONA CORPORATION COMMISSION
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

26 Commissioner Brenda Burns
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Commissioner Bob Burns
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1 Lyn A. Farmer, Chief Administrative Law Judge
Hearing Division
2 Arizona Corporation Commission
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10 COPY of the foregoing sent via mail
on March 1, 2013, to:

11 Michael W. Patten, Esq.
12 Timothy J. Sabo, Esq.
One Arizona Center
13 400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

14
15 By 
16
17
18
19
20
21
22
23
24
25
26

Exhibit 1

PARCEL NO. 3:

AS TO AN UNDIVIDED 76.4% INTEREST

THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 4:

AS TO AN UNDIVIDED 76.4% INTEREST

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

AS TO AN UNDIVIDED 23.6% INTEREST

THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 11:

THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF SAID EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 29 WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 134 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°00'38" WEST, 1478.55 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTH 75°04'23" EAST, SOUTH 470.76 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°03'23" WEST, 243.17 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 20;

PARCEL NO. 13:

THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 14:

THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 1:

THE NORTH HALF OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 3:

AS TO AN UNDIVIDED 23.6% INTEREST

THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 4:

AS TO AN UNDIVIDED 23.6% INTEREST

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

AS TO AN UNDIVIDED 76.4% INTEREST

THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 6:

THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 7:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 8:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH 00°00'05" WEST, 75.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30;

THENCE SOUTH 75°07'10" EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH 75°07'10" EAST-SOUTH 75°04'23" EAST;

THENCE SOUTH 75°04'73" EAST, 2445.44 FEET TO A POINT ON THE LINE COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS 50°00'38" WEST, 1476.85 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH 75°04'23" EAST, TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29; AND

EXCEPT THEREFROM THOSE PORTIONS LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND:

TRACT NO. 1:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 475.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°39'22" WEST, 33.00 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 361.77 FEET;

THENCE NORTH 09°31'38" WEST 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 and 30, WHICH POINT BEARS SOUTH 00°00'38" EAST 2505.94 FEET FROM THE CORNER COMMON TO SECTIONS 29, 30, 31 AND 32;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE NORTH 07°33'28" WEST, 888.33 FEET TO THE EXISTING SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY TO (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 06°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 5 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

PARCEL NO. 9:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1093 FEET;

THENCE EAST ALONG THEN NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE NO (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION LYING WITH THE FOLLOWING DESCRIBED PARCEL OF LAND.

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT SOUTH 00°00'38" WEST, 476.83 FEET FROM THE CORNER COMMON TO SECTIONS 19, 29 AND 30;

THENCE NORTH 59°59'22", 33.00 FEET;

THENCE SOUTH 05°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310,424.2 FEET;

THENCE NORTH 04°29'47" WEST, 381.77 FEET;

THENCE NORTH 09°51'36" WEST, 507.51 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 10:

THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH 00°00'05" WEST, 76.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30; THENCE SOUTH 75°07'10" EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH 75°07'10" EAST, SOUTH 75°04'23" EAST;

THENCE SOUTH 75°04'23" EAST, 2445.44 FEET TO A POINT ON THE LINE;

COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS SOUTH 00°00'38" WEST, 1476.83 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH 75°04'23" EAST TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29.

PARCEL NO. 12:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THOSE PORTION LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND;

TRACT NO. 1

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22"W, 33.00 FEET;

THENCE SOUTH 087°19'27"W, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 381.77 FEET;

THENCE NORTH 09°51'35" WEST, 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS NORTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND;

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 311 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 30 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

Exhibit 2



***First American
Title Insurance Company***

February 28, 2013

New World Properties, Inc.
8540 E. McDowell Rd., #90
Mesa, AZ 85207

Re: Petition for Declaratory Order regarding Validity of Infrastructure Coordinating and Financing Agreement ("ICFA"): First American Title Insurance Company, as Trustee of Trust No. 8559, and not personally ("The Trust") Authorization of New World Properties, Inc. ("NWP")

To Whom It May Concern:

The Trust Beneficiaries have determined that it is in the best interest of The Trust to determine the validity of the ICFA. By this letter, The Trust acting pursuant to the direction of its Trust Beneficiaries, hereby appoints and authorizes NWP to take any and all actions on behalf of The Trust as such relate to the above referenced Petition. This includes retaining legal counsel, filing documents at the Arizona Corporation Commission, providing testimony and any other actions deemed by NWP to be in the best interest of The Trust.

Sincerely,

Simin Berry, MBA
Senior Trust Officer

P. O. Box 52023 • Phoenix, AZ 85072

TEL (602)685-7033 • FAX (602)685-7029

siberry@firstam.com

Exhibit 3

EXHIBIT A

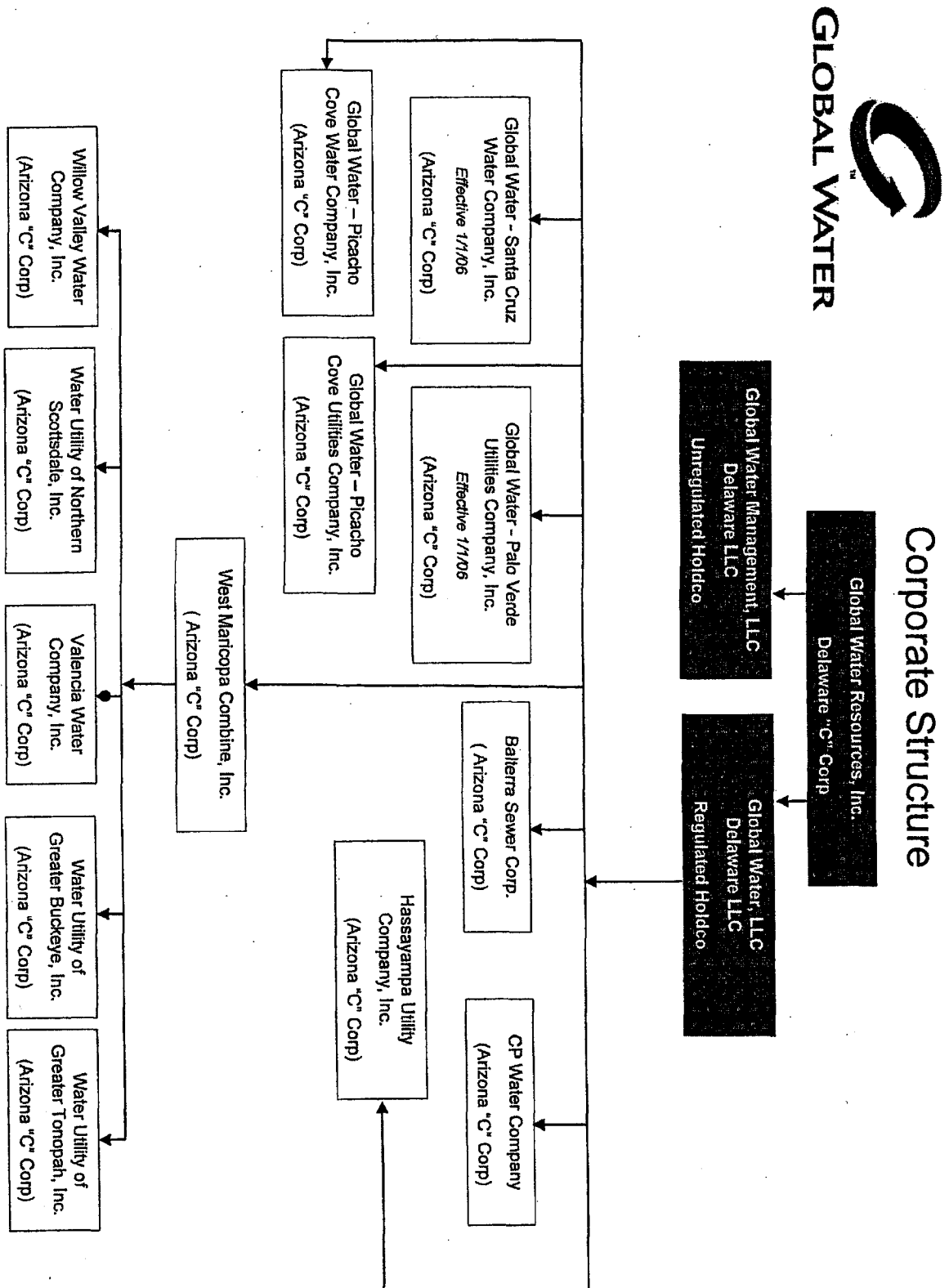


Exhibit 4

FIRST AMERICAN TITLE

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

20060939366 07/13/2006 04:07
ELECTRONIC RECORDING

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

4720842-88-1-1--
Leonardil

4720482

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

THIS INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT (this "Agreement") is entered into as of July 11, 2006 between Global Water Resources, LLC, a Delaware limited liability company ("GWR" and "Coordinator") and First American Title Insurance Company, a California corporation as trustee under Trust No. 8559 ("Landowner") as to the parcels described on Exhibit A attached hereto and, when option rights are exercised, as to the parcels described on Exhibit A-1 attached hereto.

RECITALS

A. Coordinator is engaged in the business of, among other things, acquiring and consolidating water and wastewater utilities, coordinating the provision of water, wastewater and reclaimed water services to landowners through Coordinator's regulated public service corporation affiliates and providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing coordination of construction services for water, reclaimed water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of growth. Coordinator's services to be provided pursuant to this Agreement shall, however, be provided as set forth hereinafter.

B. Coordinator owns several regulated utilities in the State of Arizona and is in the process of acquiring West Maricopa Combine, Inc. ("WMC"), an Arizona corporation, the holding company for five regulated water utilities including Water Utility of Greater Tonopah, Inc. ("WUGT"), an Arizona corporation, the result of which is expected to include serving the Landowner's property known as Copperleaf (the "Land") as more particularly described in Exhibits A and A-1 to this Agreement. Coordinator intends to coordinate and facilitate water utility service to the Land through WUGT and any and all of Landowner's obligations under this

Agreement relating to water utility service are contingent on final closing of the acquisition of WMC and WUGT. Upon such closing and approval, WMC and WUGT will be wholly owned subsidiaries of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator represents and warrants: (1) that the acquisition of WMC and WUGT does not require approval of the Arizona Corporation Commission ("ACC"); (2) that Coordinator has full power to carry out the transactions provided for in this Agreement; (3) that Coordinator is not a party to any bankruptcy or similar proceeding, nor to the best of Coordinator's knowledge, are there any other matters pending which would adversely affect Coordinator's ability to perform the services set forth in this Agreement; (4) and that Coordinator has the financial capacity and experience to oversee and financially guarantee and hereby does guarantee to Landowner that Coordinator's subsidiaries will have sufficient financial resources to provide the Utility Services described in this Agreement.

C. Coordinator has formed a wastewater utility referred to as Hassayampa Utility Company, Inc. ("HUC") in order to serve the Land and other properties in the area, and has filed an application with the ACC for issuance of a Certificate of Convenience and Necessity ("CC&N") to provide public wastewater utility service in the State of Arizona. HUC's pending application for issuance of a CC&N pertains to another development and currently is before the ACC under Docket No SW-20422A-05-0659. HUC is a wholly owned subsidiary of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator provides equity and will provide equity for its subsidiaries' capital construction and improvements.

D. It is Coordinator's intention in this Agreement to coordinate the provision of integrated water, wastewater, and reclaimed water plant and services, and those related services, to the Land. Within thirty (30) days of the closing of the acquisition of WMC and WUGT by Coordinator, Coordinator shall coordinate and arrange for the filing of CC&N extension applications by WUGT and HUC as necessary with the ACC to provide water, reclaimed water, and wastewater service (collectively, "Utility Services") to the Land as well as other land. Coordinator shall consult and coordinate with the Landowners regarding such filing. To the best of Coordinator's actual knowledge, there are no laws, restrictions or other agreements which may prevent Coordinator from obtaining all the governmental authorizations described in this Agreement, including the CC&N extension and approvals from the ACC. Coordinator does not have an agreement with any third party (other than a financing agreement with its lenders) under

which Coordinator or its successors in interest is or could become obligated to (i) sell HUC or WUGT or any portion thereof to a third party, or (ii) grant, transfer, or dedicate any part of HUC's or WUGT's assets to a third party. Under this Agreement, Coordinator shall facilitate and arrange the provision of water, wastewater and reclaimed water services to the Land through WUGT and HUC, and Coordinator shall financially guarantee to Landowner that WUGT and HUC will have sufficient financial resources to provide water, wastewater and reclaimed water service to the Land. Landowner's obligations under this Agreement relating to wastewater service are contingent on HUC obtaining a valid CC&N from the ACC and extending its CC&N to include the Land, and Coordinator's continuing financial guarantees as set forth in this Agreement. Landowner's obligations under this Agreement relating to water service are contingent on WUGT obtaining a final order from the ACC extending WUGT's CC&N to include the Land, and Coordinator's financial guarantees as set forth in this Agreement. Under this Agreement, Coordinator, WUGT and HUC shall be responsible for any and all engineering, design, construction, licensing, permitting, payment and financing for and of any and all water, wastewater, and reclaimed water plant, production, treatment, storage, pumping, and delivery facilities constructed on or off the Land or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as defined below (the "Off-Site Facilities"), necessary to provide water, reclaimed water, and wastewater service to the Land, and shall hold Landowner harmless from any liens or additional charges on the Land resulting from Coordinator's, WUGT's, and HUC's provision of services to the Delivery Points as set forth in this Agreement. Under this Agreement, "Off-Site Facilities" means those water, reclaimed water, and wastewater facilities to be constructed by Coordinator or its subsidiaries under this Agreement, including all water, reclaimed water, and wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land, on the Land (but expressly excluding any delivery systems to the actual end-users on the Land), or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as further defined and set forth on attached Exhibit H. Landowner shall not have any additional financial responsibilities for Off-Site Facilities, including additional charges or hook-up fees intended to reimburse Coordinator, HUC and/or WUGT for Off-Site Facilities costs, except as set forth in this Agreement.

E. Landowner is the fee simple owner of that certain real property located in Maricopa County, Arizona, the legal description of which is included on the attached Exhibit A (the "Land").

F. To protect Landowner's long-term investment in the Land and to ensure that the Land has access to essential utility services, the Landowner desires to engage Coordinator to provide various services including arranging and coordinating for the Landowner the provision of water, reclaimed water, and wastewater utility services, and related services, by WUGT and HUC with respect to the Land pursuant to the terms and conditions hereinafter set forth. Landowner will work with WUGT and HUC to include the Land in WUGT's and HUC's CC&N service areas as necessary. Landowner may entitle and sell the land in whole, in part, or in multiple phases to entities for future development. Through Coordinator, Landowner has requested water, reclaimed water and wastewater services from WUGT and HUC, and GWR through WUGT and HUC has, subject to the terms of this Agreement and as otherwise legally permitted, agreed to provide such services to Landowner, including the financing and construction of any and all Off-Site Facilities necessary to provide water, reclaimed water and wastewater services to the Land. Coordinator shall facilitate and arrange for WUGT and HUC to provide "will serve" letters contemporaneously with the execution of this Agreement in a form consistent with Exhibit I and shall provide notices of intent to serve as required by governmental agencies from WUGT and HUC for Landowner. In the event WUGT and HUC do not provide such will serve letters and notice of intent to serve to Landowner, any amounts paid by Landowner under this Agreement shall remain in an interest bearing escrow account as set forth hereinafter until WUGT and HUC provide such will serve letters and notices of intent. If WUGT and HUC fail to provide such letters and notices within 90 days of the date of this Agreement, Landowner shall have the right to a refund of any and all monies in such escrow account, including accrued interest. The Parties acknowledge that all Utility Services will be provided by WUGT and HUC, and that Coordinator itself does not provide Utility Services.

G. The Parties acknowledge that the approval or extension of WUGT's and HUC's CC&Ns may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Maricopa County Environmental Services Department ("MCESD") and Maricopa Association of Governments ("MAG") permits and approvals are in place.

H. The parties recognize and acknowledge that this Agreement is a financing, coordination and option agreement only as more fully set forth herein. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the Landowner or its successors until such time as the rates associated from the provision of services within the areas to be served as contemplated by this agreement generate sufficient revenue to carry the ongoing carrying costs for this infrastructure. Coordinator shall bear the risk that the approximation of the carrying costs does not match actual carrying costs, and Landowner shall not be required to pay any additional amount to Coordinator or to others for carrying costs. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future, unless otherwise agreed by the Parties, or except as otherwise required in this Agreement.

I. The Parties recognize, acknowledge and agree that the wastewater provisions of this Agreement are contingent upon one twenty (20) acre wastewater treatment site, with an option for up to 10 additional contiguous acres as described in subsection 3.5, for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006, being deeded to HUC within 60 days of signing this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. Any change to the site location identified in the MAG 208 proceedings will require Landowner's written consent, not to be unreasonably withheld, and, if required, Coordinator shall seek to obtain an amendment to the MAG 208 Plan. The Parties also recognize, acknowledge and agree that the water supply obligations of this Agreement are contingent upon a three (3) acre water treatment plant ("WTP") site being deeded to Coordinator or to WUGT within twelve months of the execution of this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. The WTP site can be located within the open space requirements of Maricopa County. In the event HUC and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water, reclaimed water and/or wastewater services as provided for herein, the land for the WRF shall revert immediately to Landowner and HUC and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In the event WUGT and/or Coordinator fail to satisfy and/or meet, or more likely

than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water services as provided for herein, the land for the WTP shall revert immediately to Landowner and WUGT and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In these events, Coordinator shall execute any and all necessary additional documents to effectuate such reversion to Landowner within ten (10) days of Landowner's written request. The locations of the WRF and WTP must be reasonably approved in writing by the Landowner, and any changes to the approved locations shall require the Landowner's additional written approval and will occur upon Landowner's reasonable request. The proposed WRF locations as submitted on the MAG 208 filing are identified on Exhibit H.

J. The Parties recognize, acknowledge and agree that this Agreement is contingent upon the acquisition of WMC and WUGT by Coordinator or its affiliates. It is further recognized, acknowledged and agreed that \$500 per EDU of the Landowner Payment described in subsection 4.1 will be allocated toward the acquisition purchase price of WMC and all its subsidiaries.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall use its best efforts to complete the acquisition of WMC and WUGT, and upon such acquisition, Coordinator shall facilitate, arrange and/or coordinate with WUGT and HUC to provide Utility Services to Landowner, including without limitation, obtaining any and all necessary permits and approvals from the ACC, ADWR, ADEQ, MCESD and MAG for WUGT and HUC lawfully to provide timely Utility Services to the Land, which will contain approximately 3,750 EDUs. In return for the payments by Landowner herein, and subject to the terms herein, Coordinator, through WUGT and HUC, shall construct any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines required by the development plan to the Delivery Points and to a reclaimed water storage facility within the Land, at locations to be requested by Coordinator or Landowner consistent with the development master plan and plats, and approved

by Landowner (the "Delivery Points"). Delivery Points have been estimated based on the current site plan and noted on Exhibit H. Coordinator shall achieve substantial completion of the WTP and WRF within 18 months of the issuance of the Start Work Notice ("SWN") described in subsection 4.1 below including any and all Off-Site Facilities. Coordinator shall and hereby does financially guarantee to Landowner that WUGT and HUC shall have sufficient financial resources to construct the appropriate water, reclaimed water, and wastewater facilities to provide water, reclaimed water and wastewater services to the Land for approximately 3,750 EDUs. It is estimated that it may take up to eighteen (18) months to obtain all necessary permits and/or approvals contemplated by this Agreement. Following satisfaction of the conditions and regulatory approvals set forth above, Landowner may in its absolute discretion issue a SWN to Coordinator to commence construction. Upon issuance of such notice, Coordinator shall commence bidding of construction services. Coordinator shall facilitate the construction and achieve substantial completion within 18 months from the date of such notice as referenced below.

2. Coordination with WUGT and HUC. Coordinator shall cooperate with Landowner as reasonably requested by Landowner and shall arrange and obtain the list of services on Exhibit D hereto for Landowner to be provided from WUGT and HUC, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land from the Delivery Points must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with WUGT and HUC respectively, at or prior to the time any portion of the Land has received final plat approval from Maricopa County ("Plat Approval") unless otherwise agreed by the Parties. The Extension Agreements shall not contain any charges or fees for the cost of Off-Site Facilities or related services provided to the Delivery Points, including any administrative or oversight charges. To the extent either WUGT or HUC requests that Landowner contribute or finance additional monies for Off-Site Facilities to provide water, reclaimed water or wastewater service to the Land, Coordinator hereby acknowledges and agrees that Landowner shall not be responsible for payment of such additional costs for Off-Site Facilities to WUGT or HUC. Rather, Coordinator shall be responsible for payment of any and all such additional costs for Off-Site Facilities as requested by WUGT or HUC or as otherwise required. At Landowner's option, Landowner may pay WUGT or HUC for such additional costs

for Off-Site Facilities, and Landowner then may offset and deduct any such payments to WUGT or HUC against any remaining amounts due to Coordinator under this Agreement. Unless otherwise agreed and negotiated by the Parties, which the Parties agree to do in good faith, the Extension Agreement shall be in the form attached hereto as Exhibits E and F, subject to the approval of the ACC.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation reasonably available to Landowner about the Land reasonably necessary for Coordinator to comply with its obligations under this Agreement. The site plan anticipated at the time of this Agreement for the Land is attached hereto as Exhibit B. Landowner may make changes to the site plan at Landowner's discretion (so long as such changes do not materially affect the obligations of the Parties herein), or the site plan will change consistent with Maricopa County decisions and requirements, and such changes shall be incorporated into this Agreement when received by Coordinator.

3.1 In addition, Landowner agrees to grant to WUGT and HUC, all reasonably necessary easements and rights of way on the Land requested by Coordinator and agreed by Landowner for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. As determined and reasonably agreed by the Parties, such easements and rights of way shall be of adequate size, location and configuration so as to allow WUGT and HUC, when the Land is developed by Landowner or its successors, ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water, reclaimed water, and wastewater Utility Services in a timely manner. Landowner is not required to provide any easements or access to any locations outside of the Land.

3.2 Assured Water Supply Once WUGT has constructed the WTP and has a pressurized water system inclusive of hydrants on the portion of the Land where Landowner needs and has requested water, and except as otherwise provided in this Agreement, the Parties agree that Landowner will pay the ACC Tariff rates for water provided by WUGT, including construction water. Coordinator shall coordinate and negotiate with WUGT for a credit or reimbursement to Landowner in an amount equal to Landowner's reasonable expenditures and reasonable costs to provide any non-

groundwater water resources or Type 2 right to WUGT pursuant to subsection 3.2.1 below. In order for the credit or reimbursement to occur, WUGT must own or control the non-groundwater water resource or Type 2 right provided by Landowner. The reclaimed water Tariff rate shall apply to any water WUGT provides to Landowner for interim uses on parcels that will use reclaimed water long term, such as golf course watering, lake fill and refill, and common area watering. Landowner agrees to not apply for a Certificate of Assured Water Supply before January 1, 2007 to allow Coordinator the opportunity to research the option of obtaining an Assured Water Supply Designation.

3.2.1 Coordinator is currently planning to have WUGT obtain an Assured Water Supply Designation ("Designation") from ADWR to serve WUGT's service area. This subsection 3.2.1 shall apply only if Coordinator or WUGT secure a Designation. As Landowner at its discretion ceases to utilize the appurtenant grandfathered groundwater withdrawal rights on the Land or any phase of the Land for which a final plat has not yet been approved, for farming or raising of stock, and for construction or development purposes, Landowner will submit an application to ADWR to extinguish the Irrigation Grandfathered Rights and Type 1 Rights appurtenant to these areas, and will transfer the extinguishment credits to WUGT in consideration of WUGT's provision of an assured water supply for the Land. Landowner or its successor may at their discretion retain the Type 1 Rights appurtenant to a parcel of land to utilize long term in conjunction with development of hot spring facilities on the Land. To the extent the Irrigation Grandfathered Rights, Type 1 Rights, or alternative water supplies provided by Landowner to WUGT at the time set forth in Section 3.2 and pursuant to this subsection 3.2.1 are insufficient to provide the quantity of water necessary to meet the needs of certain non-residential uses, including water features, hot spring facilities, turf-related facility watering, lakes, and golf course uses, Landowner agrees to provide Type 2 rights, Type 1 rights delivered from other portions of the Land that have not yet received final plat approval, long-term storage credits and/or a recovery well permit, or an acceptable alternative water supply, that may be used to serve these uses in a manner that is consistent with ADWR's consistency with management goal requirements and that, if applicable, does not result in an increase to any replenishment obligation of WUGT (unless Landowner satisfies such obligation) until the Land is generating enough

reclaimed water for those purposes. Coordinator shall negotiate and coordinate with WUGT to withdraw and serve such Type 2 water, Type 1 water, stored water or alternative water to Landowner upon request as set forth in this Agreement. Notwithstanding the provisions in this subsection, Coordinator will indemnify Landowner for any actions taken by Coordinator or its subsidiaries that demonstrably harms Landowner's priority to physically available water below Landowner's property as determined in the ADWR's Analysis of Assured Water Supply ("Analysis") number 28-401401.0000 dated January 3, 2005. Coordinator's indemnity shall be limited to the obligation to timely provide an equivalent amount of physically available water of such a quantity and quality as is required to meet Landowner's objectives for the Land within the quantity and quality deemed available in the Analysis.

3.2.2 This subsection 3.2.2 shall apply if Coordinator or WUGT are unable to obtain a Designation or if Coordinator or WUGT fail to obtain or will not be able to obtain a Designation within six (6) months prior to the date Landowner or its successors reasonably expect to obtain final Plat Approval for any part of the Land. Landowner shall retain all Irrigation Grandfathered Rights and Type 1 Rights appurtenant to the Land or phase to be Certificated. Landowner or its successors will notify Coordinator of the platting timeline when the same is determined by Landowner in its reasonable discretion. Landowner shall retain the right to use Type 1 Rights within the Land or phase, and WUGT shall be responsible for administering or reporting such uses if required by ADWR or the Central Arizona Groundwater Replenishment District. If Landowner chooses to extinguish any Irrigation Grandfathered Rights or Type 1 Rights, Landowner will retain the extinguishment credits. For two years past the date the Certificate of Assured Water Supply issues for the applicable Land or phase, WUGT shall have the exclusive option to purchase any such extinguishment credits resulting from such Land or phase pursuant to this subsection for \$100 per credit to be paid to the owner of the credits.

3.3 Coordinator or WUGT's interests in owning existing wells on the Land are primarily for groundwater uses until reclaimed water is available as well as possibly converting the well to a service area well for use in water production for the CC&N area. After Landowner or its delegee have ceased farming a portion of the Land, and if such

wells, tanks, pressurization structures or other water appurtenances are no longer needed by Landowner for uses on or under the Land, Landowner shall transfer and convey to Coordinator or WUGT at no cost to WUGT (or Coordinator) any of Landowner's wells, tanks, pressurization structures, and other water appurtenances of any kind or nature on such portion of Land that Coordinator, in its sole and reasonable discretion, deems useful for WUGT, whether operational, abandoned, agricultural or otherwise. In addition, if WUGT identifies existing well sites on the Land that WUGT deems useful for WUGT, and such existing well sites are not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways, Landowner shall cause such well sites to be identified on the final Plat Approval and dedicated to WUGT in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever. If WUGT selects an existing well site for uses identified at the beginning of this sub-section, and Landowner or its successors still wish to use the existing well, then Landowner or its successors will establish a customer account with WUGT whereby Landowner can obtain the water necessary to continue farming or raising of live stock, or for construction uses in areas or phases of the Land that lack a pressurized water system inclusive of hydrants at a special agricultural or bulk rate equal to Landowner's cost of pumping and required repairs prior to the transfer of the well. In lieu of ACC approval for the special agricultural or bulk rate, Coordinator will subsidize the Landowner in this area. Coordinator or WUGT shall be responsible for the well site, well replacement, and all well operation and maintenance expenses. Any well sites, tanks and pressurization structures not transferred to Coordinator or WUGT are to be decommissioned at the Landowner's expense.

3.4 Both Parties acknowledge that until reclaimed water is available for the Land, groundwater from wells on the Land may be utilized. The rate charged for the use of such groundwater for lake fills is the ACC Tariff rate set for reclaimed water. Coordinator will obtain an Interim Use Permit ("IUP") from ADWR on behalf of the Landowner or the Landowner's homeowners association to allow the use of groundwater or alternative water source until reclaimed water is available. Specific identified costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering

plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated homeowners association as appropriate. Upon agreement of the Parties, which will not be unreasonably withheld by Coordinator, Landowner or its successor may submit its own IUP application at its own expense.

3.5 Landowner agrees to deed or cause the deeding by the record owner, free and clear of all liens and encumbrances, and at no cost to Coordinator, one twenty (20) acre wastewater treatment site for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006 and as determined in consultation with Landowner, to Coordinator or to HUC prior to the filing of an Aquifer Protection Permit by HUC. If Landowner's approved development master plan requires changes to the WRF location or plan, Coordinator shall seek approval for an amendment to the MAG 208 Plan consistent with the approved development master plan for the Land. If a site change for the WRF is required, Landowner recognizes Coordinator's obligation under the preceding sentence is contingent on the approved amendment of the MAG 208 Plan. As required for service to the Land, Landowner is responsible for all costs related, if any, to provide that the actual footprint of the WRF (as located within the WRF site) is out of the floodplain prior to the filing of permits at Landowner's request as necessary for the construction and ultimate operation of the WRF to serve the Land. Landowner acknowledges the 20 acres may require specific zoning and will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF. The Parties agree that the Utility Services for the Land are contingent on the use of this site as a WRF. If required to meet MAG 208 regional plan requirements, after the initial 20 acres are conveyed, and upon Coordinator's request, Landowner shall convey to Coordinator, or HUC or Coordinator's nominee subject to the requirements of this Agreement, excess land in the amount of up to an additional 10 acres contiguous to the WRF site (the "Excess Land") that is also free and clear of all liens and encumbrances, and Landowner will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF on such Excess Land. Coordinator or HUC will have an option to purchase the Excess Land from the Landowner for a period

of five years from the date of signing this Agreement at a purchase price based upon Landowner's basis in the land at the time of execution of this Agreement plus accrued interest from the date of this Agreement. The interest rate paid will be the Prime Interest Rate as established by Wells Fargo Bank or Chase Bank as determined by Landowner in its reasonable discretion. Coordinator may exercise such option solely for purposes of locating and operating a WTP, WRF or Wastewater Treatment Plant on the Excess Land. If the option is exercised for a WTP, then the unused WTP land referred to in Recital I and Section 3.6 of this Agreement not otherwise used for such purpose shall be returned to Landowner. The Parties further understand and agree that the total amount of land provided under this subsection, including any and all setbacks shall not exceed 30 acres. Coordinator or HUC shall grant Landowner an easement to use up to two of the four sides of the 350 foot setback within such 30 acres as Landowner requests, so long as such uses and easement are consistent with government requirements and HUC's service obligations to its customers. Maintenance of the setback used by the Landowner is the responsibility of the Landowner. Coordinator agrees that the acreage provide to Coordinator and HUC pursuant to this subsection is sufficient to satisfy any ADEQ or other setback requirements applicable to HUC's wastewater treatment facilities. Coordinator also agrees that the use of the acreage by Coordinator, WUGT and/or HUC shall be limited to facilities and structures necessary for WUGT and/or HUC to provide water, reclaimed water and wastewater services, including reclaimed water retention structures and SCADA towers not to exceed 100 feet unless otherwise agreed by the Parties. The Parties acknowledge and agree that Coordinator, WUGT and/or HUC may install only one tower per WTP, WRF and well site. Coordinator shall not allow any party other than Landowner without Landowner's written permission to use, any of the four sides of the 350 foot setback for a purpose that Landowner determines is inconsistent with future development plans (for example, cell phone towers, electrical towers, or other unsightly uses, or uses likely to be a nuisance to neighboring homeowners). In consultation with Landowner, Coordinator shall make reasonable efforts to design and configure such SCADA tower to minimize disruption of development views or other impacts on the Land. In the event Coordinator or its subsidiaries do not use the 20 acre WRF site for location and siting of a WRF to serve the Land, or in the event that

Coordinator or its subsidiaries do not use the 3 acre WTP site for location and siting of a WTP to serve the Land, or in the event that Coordinator or its subsidiaries do not use the Excess Land for location and siting of a WRF and/or WTP, then Coordinator shall reconvey such unused Land or unused portion(s) of the Land to Landowner.

3.6 The Landowner further agrees, within 12 months of the execution of this Agreement, or as soon thereafter as is reasonably possible under applicable Arizona laws, and at no cost to Coordinator to deed, free and clear of all liens and encumbrances, a three (3) acre water treatment site ("WTP") to Coordinator or to WUGT in a location reasonably requested by Coordinator or WUGT and approved in writing by Landowner.

3.7 In the event HUC, WUGT and/or Coordinator fail to satisfy and/or meet any and all CC&N conditions or other regulatory requirements, the land previously deeded for the unsuccessful WRF and/or WTP shall revert to Landowner. HUC, WUGT and/or Coordinator shall deed such land back to Landowner within one month of Landowner's request free and clear of any and all encumbrances and/or liens on such land. Coordinator shall execute any and all documents necessary to effectuate such reversion to Landowner.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator as an acquisition, interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement, at the times specified in this Agreement the total sum of \$5,500.00 per EDU in the Copperleaf development (the "Landowner Payment"), with any portion of this sum unpaid at the time of final plat approval for the portion of the Land affected, or sale of the Land or a portion of the Land by Landowner, whichever occurs later, adjusted upward based on a CPI Factor as defined in this Agreement. However, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to the issuance of a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs in the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. For ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index - United States City Average - for All Urban Consumers and all Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month the

wastewater CC&N application is approved for Landowner's Land being treated as the base Index, plus two percent (2%). After ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers and all Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index. The Parties, however, further agree to renegotiate this CPI Factor in good faith in the event that it results in a Landowner Payment in excess of related financing requirements. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the CC&N for wastewater is approved in December 2007, and a portion of the Landowner Payment, \$500 per EDU, is due in April 2008, and the most current available Index is 187.3 and the Index for December 2007 was 182.5, the Landowner Payment per EDU would be calculated as follows: $\$500 \times 187.3/182.5 \times 1.02 = \523.41 per EDU. The CPI Factor as limited above is only applicable to that particular unpaid portion of the \$5,500 per EDU base fee. The number of EDUs within the development shall be calculated as follows: (i) each single family residential EDU included in the final Plat Approval shall constitute one (1) EDU and (ii) each net acre of commercial or industrial property included in the final Plat Approval shall constitute four point eight (4.8) EDUs. Following the last final Plat Approval for the Land as determined by Landowner, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual portion of the Landowner Payment paid to date and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such Landowner Payment. All of the portion of the Landowner Payments for water service under this Agreement are contingent on Coordinator's acquisition of WMC and WUGT. In the event that Coordinator is unable to acquire WMC and WUGT, the Parties agree that any payments made into an escrow account will be immediately returned to Landowner, including accrued interest. Further, the Parties understand and agree that a complaint has been filed against Coordinator with the ACC under Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03567A-06-2000 and SW-03575A-06-0200 alleging that certain Infrastructure, Coordination and Finance Agreements executed by

Coordinator are invalid by Arizona law. In the event that the ACC determines that Coordinator's Infrastructure, Coordination and Finance Agreements are invalid or against the law, the Parties hereby agree to amend this Agreement to conform to any such decision issued by the ACC and in doing so shall make best efforts to maintain the substance (including all benefits and obligations) of this Agreement in any amended or restated agreement. To be effective, an amendment or restated agreement shall require the written consent of the Parties. In the event that such decision by the ACC materially alters the substance of the transaction between Landowner and Coordinator, and precludes Coordinator from fulfilling its obligations or materially increases the costs to Landowner under this Agreement, the Parties agree that this Agreement may be voided and Coordinator shall refund any and all payments made under this Agreement to Landowner that are in excess of costs incurred for services or construction to date as previously approved by Landowner which such costs shall not be more than 15% of the Landowner Payments made to date if such ACC decision occurs prior to issuance of the SWN by Landowner. Such costs reasonably incurred for services or construction to date will be made available to Landowner for review. To the extent this Agreement is voided or amended as set forth above, Coordinator shall upon request by Landowner record any and all release documents related to this Agreement and any lien related to this Agreement with the County Recorder in a form approved by Landowner and Coordinator shall waive any and all other claims against the Land or Landowner under this Agreement in writing, except as otherwise allowed in an amended or restated agreement. To the extent this Agreement is voided, Coordinator shall within 90 days deed and reconvey the WTP, WRF, and all well sites received from Landowner, along with any and all land previously deeded to Coordinator from Landowner, to Landowner free and clear of any and all encumbrances, liens and restrictions, and the Coordinator shall return or assign all water rights or extinguishment credits provided to Coordinator by Landowner pursuant to this Agreement. To the extent this Agreement is voided, Coordinator shall return to Landowner within 90 days all plans, documents and other materials provided to Coordinator, WUGT or HUC by Landowner or created to design water, reclaimed water or wastewater facilities to serve the Land.

4.1 The following describes the timing of payments for residential EDUs of \$5,500 per EDU plus the CPI Factor, if applicable. Until a final Plat Approval is received, residential EDUs are assumed to be at 3.5 EDUs per acre. Any additional

amount due for the CPI Factor for each phase or portion of the Land is paid as each phase or portion receives final Plat Approval.

- Within 72 hours of the execution of this Agreement, the Landowner will deposit in escrow \$500.00 per EDU (\$1,875,000 for 3,750 EDUs at Copperleaf). All \$500.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. If within seven (7) days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$500 per EDU payment will be returned to Landowner;
- Within 72 hours of the execution of this Agreement, Landowner will deposit in escrow \$75.00 per EDU payment (\$281,250 for 3,750 EDUs at Copperleaf) for the May 8, 2006 filing of the MAG 208 plan amendment. All \$75.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. ~~Landowner will remit to Coordinator \$25.00 per EDU (\$93,750 for 3,750 EDUs at Copperleaf) payment within 90 days of the execution of this Agreement or contemporaneously with the closing of the WMC acquisition transaction, whichever is later.~~ If within seven (7) days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$75 per EDU payment will be returned to Landowner.
- Upon the filing of the application for a wastewater CC&N by HUC, or upon filing of the application for an extension of WUGT's CC&N by WUGT, or within 90 days of execution of this Agreement, whichever is later, Landowner will remit to Coordinator an additional \$100.00 per EDU (\$375,000 for 3,750 EDUs at Copperleaf). The CC&N applications will be prepared during the diligence period of the WMC acquisition and filed with the ACC within thirty (30) days of the closing of that transaction;
- Contemporaneously with the closing of the WMC transaction this Agreement shall be recorded in the records of the Maricopa County Recorder, and will reference any portion of the Land over which Landowner has exercised a purchase option and is the record title holder;
- Upon the ACC's final approval of issuance of an ACC decision granting and/or extending the CC&N of HUC to include the Land, and upon issuance of a final ACC decision granting an extension of WUGT's CC&N to include the Land, but no earlier than January 1, 2007, \$150.00 per EDU (\$562,500 for 3,750 EDUs) will become due and payable by the Landowner to Coordinator;

- Upon the successful approval of the MAG 208 plan amendment that includes the Land, but no earlier than January 1, 2007 \$150.00 per EDU (\$562,500 for 3,750 EDUs) will be due and payable by the Landowner to Coordinator;
- Upon Landowner's issuance of the "Start Work Notice" ("SWN"), a description of which is set forth at Exhibit C attached hereto, the first of which shall require the commencement of construction of facilities for 2,000 EDUs, \$1,000,000 will be due and payable by the Landowner to Coordinator. The SWN shall be issued at Landowner's sole discretion. Landowner acknowledges that Coordinator, through WUGT and HUC, shall continue to financially guarantee that WUGT and HUC have sufficient financial resources to achieve substantial completion of the WTP and WRF, including any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines necessary for water, reclaimed water and wastewater service to the Land within 18 months of the issuance of the SWN. Coordinator shall be required to accept Landowner's SWN any time after any and all necessary permits have been issued and approved for the water, reclaimed water and wastewater facilities. Landowner represents and warrants that it will make reasonable efforts after the issuance of Landowner's SWN to pursue and obtain a final Plat Approval for a portion of the Land as determined by Landowner in its sole discretion within 6 months of the substantial completion of both the WTP and WRF, or Landowner will sell a portion of the Land to a buyer who will do so. Coordinator plans to pursue obtaining permits and approvals necessary to bore under Interstate 10, or otherwise locate a pipeline below an available overpass, as this would alleviate the need to build a WRF north of Interstate 10 for a number of years. In the event the Coordinator is successful in receiving these permits and approvals, the Landowners of developments contemplated as Copperleaf, Silver Water Ranch and Silver Spring Ranch may share the cost of the initial 2,000 EDU SWN fee based on the pro rata share of the EDUs to be initially constructed within each development. If Landowner does not participate in the SWN filed by another landowner or developer within WUGT's or HUC's CC&N area, then Landowner's first SWN payment is not due until Landowner or its successors request a SWN for the Off-Site Facilities necessary to serve the Land.
- Depending on the amount already paid by Landowner, the balance of the \$5,500.00 per EDU Landowner Payment, including CPI Index, if applicable, will be due and payable at the time of final Plat Approval for the number of EDUs within the plat or sale of the Land or portion of the Land by Landowner to the ultimate builder/developer as reflected in a change in record title ownership of the Land, whichever occurs later. Coordinator understands that Landowner intends to sell the Land to other parties who will be the ultimate builders/developers of the Land. Coordinator understands that the balance of the Landowner Payment shall not be due until Landowner sells the Land to another party as reflected in the change in record title ownership or upon final Plat Approval, whichever occurs later. As stated in Section 4 in this Agreement, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat

Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs within the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. With the amounts due for the last final plat within the Land, Coordinator will true up any discrepancy with respect to the actual number of EDUs at final Plat Approval against EDUs estimated and sums paid pursuant to this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the final platted parcel(s) of the Land.

Pursuant to Section 4.3, Coordinator shall arrange for interest-earning escrow accounts for those payments in this subsection that are to be placed in escrow, with the interest paid to Landowner if the escrow is to be returned to Landowner. Escrow interest will otherwise be credited to reduce the outstanding balance of the Landowner Payment due to Coordinator. An example of how the Landowner Payment would be calculated for land included in the CC&N with 2,000 residential EDU's developed in two phases of 1,000 EDU's each is:

- \$500 times 2,000 EDU's or \$1,000,000 is due in escrow within 72 hours of signing of this Agreement;
- \$75 times 2,000 EDU's or \$150,000 is due to escrow within 72 hours of the signing of this Agreement for the May 8, 2006 filing of the MAG 208 application. \$25 times 2,000 EDU's or \$50,000 is due to Coordinator within 90 days from execution of this Agreement or contemporaneously with the closing of the WMC acquisition transaction, whichever is later;
- \$100 times 2,000 EDU's or \$200,000 is due to Coordinator for the filing of both the application for a wastewater CC&N and the application, if necessary, for expansion of the water CC&N, or within 90 days of the execution of this Agreement, whichever is later;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon issuance of a final decision by the ACC approving the CC&Ns for both WUGT and HUC, but no earlier than January 1, 2007;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon EPA's approval of the MAG 208 plan amendment, but no earlier than January 1, 2007;

\$500 times 2,000 EDU's or \$1,000,000 is due to Coordinator from Landowner, or Landowner and other participating landowners as described above in subsection 4.1, upon issuance of Landowner's SWN;

- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at final Plat Approval for the first phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval; and
- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at the final Plat Approval for the second phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval.

4.2 For commercial and industrial property, the \$5,500 per EDU plus the CPI Factor, if any, at 4.8 EDU's per acre is due to Coordinator when the County approves the "Commercial or Industrial Site Plan" and issues a building permit which the Parties expect to occur after residential final Plat Approvals surrounding the site, and upon satisfaction of all contingencies and conditions set forth in this Agreement.

- An example of how this would calculate for a commercial or industrial section of land with 30 net acres in size would be as follows:
 - \$5,500 plus the CPI Factor x 30 acres 4.8 EDU/acre or \$792,000 is due and payable when the County approves the Commercial or Industrial Site Plan and issues a building permit.

The parties acknowledge that additional fees as approved by the Parties or required and/or authorized by a governmental agency except as otherwise prohibited herein will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon. Fees payable to WUGT and HUC for on-site facilities, pursuant to the Extension Agreements or a WUGT or HUC tariff, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of on-site Utility Services from the Delivery Points to the end user are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the

Extension Agreements.

4.3 Escrow Account. Within three days of execution of this Agreement, Coordinator shall open an interest earning escrow account with First American Title Insurance Company for the benefit of Landowner and Coordinator for purposes of accepting and disbursing any and all payments and refunds under the terms and conditions set forth in this Agreement. The escrow agent shall be Carol Peterson ("Escrow Agent"). This Agreement shall constitute an escrow agreement and instructions to Escrow Agent and all funds deposited with Escrow Agent shall be disbursed and dealt with by Escrow Agent in strict accordance with the following provisions and the terms of this Agreement. Escrow Agent shall be authorized to make disbursements to Coordinator and/or Landowner as provided for in this Agreement within five (5) days of written request by such Party to Escrow Agent with a copy hand-delivered to the other Party.

In making payment requests pursuant to Section 10.5 of this Agreement, Coordinator shall submit applications for payment relating to reasonable and necessary construction costs for water, reclaimed water and wastewater facilities constructed pursuant to this Agreement, including (i) an itemization of the facilities installed and the amount incurred for each item of the work (with appropriate invoices and backup documentation), and (ii) necessary statutory lien waivers relating to the work. Escrow Agent shall disburse funds pursuant to a payment request by either Party as set forth in this paragraph and under the terms of this Agreement unless and except to the extent a timely objection is made by the other Party. Any Party may object to disbursement of escrow funds if the Party believes in good faith that such payment is not due and if such Party delivers to Escrow Agent and all other Parties written notice of such objection within five (5) business days of the payment request, including a specific explanation of the objection and an explanation of why the Party believes the amount in question should not be disbursed under this Agreement. Any amount subject to an objection shall not be disbursed until the objection is resolved. Upon Escrow Agent's receipt of an objection, the Parties shall meet within three (3) days and make good faith efforts to resolve the objection. If the objection is not resolved completely with such three day period, then the objecting party may submit the matter to arbitration within an additional seven days and the matter shall be resolved in accordance with the arbitration provisions set forth in

Section 7 of this Agreement. If the objecting party fails to submit the matter to arbitration within that time period, then the full payment request shall be deemed approved. If an objection is determined by the arbitrator to be invalid, then the objecting party shall be responsible for any additional costs (including the reasonable attorneys fees of the prevailing party) resulting from the delay in disbursement of the escrow funds.

5. Use and Sizing of Water and Reclaimed Water Distribution Mains and Sanitary Sewer Collection Mains. Coordinator, from time to time may, at its own discretion and expense, decide to oversize certain water distribution mains and wastewater collection mains to service properties or planned developments not currently contemplated within the scope of this Land. Any and all cost of over sizing these lines will be at the sole cost of Coordinator, including any and all engineering or other costs incurred by Landowner as a result of such over sizing. Landowner understands and agrees that it must use and accept reclaimed water distribution mains to the Delivery Points agreed to by Landowner and identified in Exhibit H. Each section of land will require a water storage facility or a retention lake structure for irrigation of no less than one (1) acre developed in accordance with standards established by Coordinator in locations approved by Landowner and at Landowner's cost. Landowner may reasonably consolidate or divide the required water storage facility capacity and irrigation requirement in this Section in any location within the Land consistent with Landowner's development plans. Coordinator's responsibility is to oversee the construction of reclaimed water distribution mains is limited to only one point of storage as contemplated on Exhibit H.

6. Reclaimed Water Availability. Coordinator and its subsidiaries agree to make reclaimed water available for purchase and use within the Land approximately equal to the amount of wastewater generated within such Land. Any excess reclaimed water not purchased by Landowner or its successors within any month belongs to the utility provider for reuse, recharge and/or discharge.

7. Binding Arbitration. Any controversy, dispute or claim (a "Claim") arising out of or relating in any way to this Agreement or any other agreement or instrument delivered in connection with this Agreement, or the transactions arising here under or there under that cannot be resolved by negotiation (other than actions for specific performance or any other equitable remedy) shall be settled exclusively by a binding arbitration ("Arbitration"), conducted by a

single arbitrator (the "Arbitrator") chosen by the Parties as described below. The arbitration shall be expedited and shall be conducted in accordance with the following rules:

7.1 **Initiation of Arbitration.** The Arbitration shall be initiated by either party delivering to the other an Arbitration Demand. Such demand shall be sent by hand-delivery or certified mail, return receipt requested. The Arbitration Demand must contain a list of the Claims upon which arbitration is requested, as well as a statement of the claimant's basis for bringing the Claims.

7.2 **Governing Procedures.** The arbitration shall be conducted in accordance with the A.R.S. § 12-1501, *et seq.* and the Commercial Arbitration Rules of the American Arbitration Association.

7.3 **Appointment of Arbitrator.** The Parties shall appoint a single Arbitrator by mutual agreement. If the Parties have not agreed within ten (10) days of the date of the Arbitration Demand on the selection of an Arbitrator willing to serve, then, unless otherwise agreed, each party may appoint an Arbitrator, and the two chosen Arbitrators will select a third Arbitrator. The Parties shall split the costs of all chosen Arbitrators.

7.4 **Qualifications of Arbitrator.** The Arbitrator shall be neutral and impartial, and knowledgeable in the areas of public utility service and/or real estate development.

7.5 **Compensation.** The Parties shall split equally any and all costs of arbitration, including the Arbitrator's hourly rate.

7.6 **Preliminary Hearing.** Within fifteen (15) days after the Arbitrator(s) has been appointed, a preliminary hearing among the Arbitrator(s) and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding. Any

procedures outlined in the preliminary hearing shall require the arbitration hearing to be conducted within 60 days of the preliminary hearing date.

7.7 Final Award. The Arbitrator shall promptly (but, in no event later than twenty (20) days following the conclusion of the proceedings or such longer period as the Parties mutually agree) determine the claims of the Parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration and other relevant factors under Arizona law. The Arbitrator shall not award any punitive damages. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party. The Arbitrator's final award shall be binding and enforceable against the Parties.

8. Insurance. Coordinator shall include Landowner as an "additional insured" in all forms of liability insurance obtained or maintained by Coordinator and its subsidiaries, and their contractors, applicable to the construction, installation and maintenance of water, wastewater and reclaimed water infrastructure financed by this Agreement or placed within the Land, WTP site, WRF site or well sites included in this Agreement. Coordinator shall defend, indemnify and hold Landowner and any and all of Landowner's affiliates, subsidiaries, successors, and/or related entities, harmless for, from and against any and all liabilities, claims, damages, losses, costs, expenses (including, but not limited to, attorneys' fees), injuries, causes of action, or judgments for bodily injury or death or damage to property occasioned, contributed to or in any way caused, in whole or in part, by Coordinator, HUC and/or WUGT, and their agents, employees, consultants, engineers, or contractors and which arise out of or are related to the performance of this Agreement by Coordinator or its authorized agents, employees, consultants, engineers and/or contractors except for those arising from the negligence or willful misconduct of the Landowner, its agents, employees, consultants, engineers, and/or contractors. Coordinator's duty to indemnify Landowner shall extend to all construction activities undertaken by Coordinator, WUGT and HUC, and their contractors, subcontractors, agents, and employees in the performance of or related to this Agreement. This indemnity clause shall apply solely to the extent that such claim, demand, liability and/or expense is attributable to the negligent

actions or inaction of Coordinator, WUGT and HUC, and/or their contractors, subcontractors, consultants, engineers, agents and/or employees .

Coordinator shall require HUC's and/or WUGT's contractors and/or subcontractors to carry and maintain, at Coordinator's sole cost and expense, during the duration of construction of the water, reclaimed water and wastewater facilities plus an additional two years, no less than the following coverage and limits of insurance:

(i) Worker's Compensation and Employer's Liability: (a) Worker's Compensation coverage as required by law; and (b) Employer's Liability with limits of at least \$1,000,000 per occurrence.

(ii) Business Automobile Liability for Bodily Injury and Property Damage: \$1,000,000 per occurrence, including coverage for all owned, non-owned and hired vehicles.

(iii) Commercial General Liability for Bodily Injury and Property Damage: \$3,000,000 general aggregate, \$1,000,000 per occurrence. Unless otherwise agreed by the parties, the general liability policy shall include a broad form comprehensive liability endorsement that includes coverage for liability assumed under any oral or written contract relating to this Agreement, and also including: (a) broad form property damage liability coverage; and (b) premises-operations coverage; and (c) independent contractor coverage (for liability may incur as a result of the operations, acts or omissions of Coordinator's contractors, subcontractors, suppliers, and/or their agents or employees). The commercial general liability insurance required pursuant to this Agreement shall name Landowner and/or any other Landowner entities designated by Landowner as an additional insured; (b) apply severally to the parties; (c) cover Landowner and affiliated entities as insureds in the same manner as if separate policies have been issued to each of them; (d) include a waiver of any and all subrogation rights against Landowner and affiliated entities; and (e) be primary insurance with any other valid and collectible insurance available to the aforesaid additional insureds constituting excess insurance.

(iv) Professional Errors and Omissions Liability, of not less than \$1,000,000 per occurrence from Coordinator's, HUC's and WUGT's Project engineer.

(v) Other Insurance. An umbrella or other policy as determined appropriate by Coordinator in its reasonable discretion. The above coverage amounts may be achieved through the use of one or more umbrella policies. At the time of this Agreement, Coordinator

holds an umbrella liability insurance policy of \$10,000,000. Coordinator shall maintain such policy or an equivalent policy during the term of this Agreement.

The policies required pursuant to this Agreement shall not be revised, canceled or reduced until at least thirty (30) days' written notice of such revision, cancellation or reduction shall have been given to Landowner, and until a replacement policy is in effect that provides the coverages required in this Agreement. The policies required pursuant to this Agreement shall be issued by an insurance company that is authorized to transact business in the State of Arizona and that has a current rating of A-VII or better in Best's Insurance Report. Coordinator will provide Landowner with confirmation of the above insurance from Coordinator and any and all engineers, consultants, contractors and subcontractors, prior to commencement of construction, including copies of insurance certificates, riders and endorsements.

9. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities of Landowner.

10. Default.

10.1 Landowner shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days, as to monetary defaults, and sixty (60) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (thirty (30) days or sixty (60) days, as the case may be), such default has been cured.

10.2 Coordinator shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days written notice of the failure to fulfill its obligations hereunder to timely provide the services and to timely commence and complete construction of facilities described in this Agreement, including the provision of Utility Services by WUGT and HUC, and the failure to fulfill its financial guarantees that WUGT will have sufficient financial resources for the provision of water utility service to

the Land and that HUC will have sufficient financial resources for the provision of reclaimed water service and wastewater utility service to the Land, and any other material breach of this Agreement by Coordinator.

10.3 In the event either party to this Agreement is in material default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunctive, or other equitable remedies in addition to any other remedy available in this Agreement, or at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due, which failure is not cured within thirty (30) days after notice thereof in accordance with the provisions of subsection 10.1 above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Similarly, Coordinator shall pay interest at the rate of fifteen percent (15%) per annum from the date of accrual on any damages caused Landowner or its successors by Coordinator or its subsidiaries' material breach of this Agreement.

10.4 In addition, to the extent such sums remain unpaid following such thirty (30) day period, Coordinator may then and only then claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner which is the subject of such default in the manner prescribed by law for the foreclosure of realty mortgages or deeds of trust. It is the Parties' intention that Landowner's default as defined in this section 10 provide the only means by which Coordinator may claim any type of lien on the Land, and the Parties agree this Agreement or services provided pursuant to it are not liens or secured interests, but this Agreement gives Coordinator the right to assert a lien right (as set forth herein) which lien right shall be deemed perfected only upon Landowner's material default and recording of a notice of claim of lien, which shall be retroactive as of the date of the recording of this Agreement. Landowner consents to the recording of this Agreement with the county recorder's office upon Coordinator's acquisition of WMC and WUGT as set forth in section 10.7 below. Coordinator agrees that as and when portions of the Land are sold, the obligations hereunder shall be bifurcated based on the land area sold and each new landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall

not have any obligation or liability for the failure of any other owner of any portion of the Land and that the current Landowner shall be fully released from any and all such obligations. In the event Coordinator defaults (following notice and opportunity to cure as set forth herein) on any of its obligations under this Agreement, including its financial guarantee that WUGT or HUC will have sufficient financial resources to provide water, reclaimed water and wastewater service to the Land as described herein, then Coordinator shall record a release of this Agreement and waive any and all other claims against the Land or Landowner as set forth below. Coordinator shall execute and record such release within three (3) days of a written request from Landowner in a form approved by Landowner.

10.5 Coordinator has provided to the Landowner a letter from the Coordinator's financial institution confirming that the Coordinator through its investor and bank relationships has access to sufficient funds necessary to construct the water, reclaimed water and wastewater infrastructure, including the Off-Site Facilities, in order to provide the Utility Services. Upon issuance of the SWN by Landowner, Coordinator shall place funds in an escrow account as set forth in section 4.3 equal to the one-half of the total amount of the construction costs for all water, reclaimed water and wastewater facilities necessary to provide water, reclaimed water and wastewater service to the Land. As set forth in section 4.3, Coordinator shall be entitled to withdraw funds from such escrow account solely for purposes of paying for reasonable and necessary construction costs.

10.6 Subject to the limitations in this Section 10, amounts owed but not paid when due by Landowner under the terms of this Agreement, perfected as described in subsection 10.8 below shall be a lien against the Land for which such payment is due that the Parties agree shall then relate back to the date upon which an executed copy of this Agreement is recorded in the Maricopa County Records Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

- i. The name of the lien claimant;
- ii. the name of the party or then owner of the property or interest against which the lien is claimed;
- iii. and a description of the property against which the lien is claimed.

Coordinator shall not record a Preliminary Notice of Contractual lien or other similar document until at least thirty (30) days after notice of Landowner's material default as provided in Section 10.1 above.

10.7 Coordinator understands that Landowner holds certain options to purchase the Land as described in Exhibit A-1 in phases and that in the event Landowner has not yet closed on its purchase of any portion of the land subject to this Agreement, Coordinator may not record this Agreement with the Maricopa County Recorder against the land or any portion of the Land which is the subject to Landowner's option until (a) Landowner has exercised its option and closed on its purchase of each portion of the Land and assumed title or (b) the current property owner has consented in writing to recordation of this Agreement against the land. Coordinator may not record this Agreement against any portion of the Land as described on Exhibits A and A-1 until Coordinator closes on its purchase and acquisition of WMC and WUGT. Landowner consents to the recording of this Agreement against the Land described on Exhibit A with the county recorder's office upon closing of Coordinator's acquisition of WMC and WUGT, written notice of which shall be given by Coordinator to Landowner not less than two (2) days prior to such acquisition.

10.8 The lien authorized in this Section 10 shall take effect only upon recordation of a claim of contractual lien as limited herein above and as described below in the office of the Maricopa County Recorder by Coordinator; and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the Agreement were recorded, as set forth in subsection 10.6 above. The lien amount shall be only that amount not paid by Landowner in accordance with the terms of this Agreement at the time the lien is recorded, and shall not include any future Landowner Payment amounts. Such lien shall apply only to those portions of the Land for which any such payment is due. Coordinator acknowledges and agrees to work with the Landowner or its successors and their lenders to facilitate financing. Coordinator shall give written notice of any such lien claim. The Notice and Claim of Contractual Lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest

against which the lien is claimed.

- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person(s) against whose property the lien is claimed in any manner prescribed under Section 21 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

10.9 If the Landowner (i) places funds in the amount due Coordinator into an escrow account or posts either (ii) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (iii) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona, which bond or letter of credit (a) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (b) is in the amount of the claim secured by the lien, and (c) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by the arbitrator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the funds, bond or letter of credit by delivery of same to Coordinator, escrow or arbitrator as determined by Landowner. All costs and expenses to obtain the bond or letter of credit, and all reasonable costs and expenses incurred by Coordinator related thereto, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien and, in that event, all such costs shall be borne by Coordinator.

10.10 Upon Coordinator's material default of its obligations under this Agreement, Coordinator shall (i) record a "full satisfaction and release" of this Agreement and any outstanding liens with the Maricopa County Recorder, (ii) shall

confirm in writing the satisfaction and release of the Agreement to all other Parties at Landowner's request, (iii) shall within 90 days of such material default return to Landowner all Landowner Payments made to date by Landowner in excess of costs incurred to date by Coordinator as previously approved by Landowner with such approval not being unreasonably withheld, and (iv) shall within 90 days return to Landowner all plans, documents, etc. provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities specifically to serve the Land. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall refund all Landowner Payments in excess of costs incurred to date by Coordinator under this Agreement as previously approved by Landowner with such approval not being unreasonably withheld. In that event, any and all amounts remaining in the escrow account provided under section 10.5 shall be released immediately to Landowner as partial or full payment of such refund obligation. The refund obligation shall be limited to the total amount of Landowner Payments made under this Agreement plus accrued interest with the remaining balance of the escrow including accrued interest to Coordinator. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall assign to Landowner all water rights, interests and extinguishment credits resulting from the Land or obtained from the Landowner. In the event of a default by Coordinator, Landowner reserves the right to pursue any and all legal rights, damages and remedies against Coordinator for such default. All land deeded by Landowner to Coordinator shall be reconveyed by Coordinator to Landowner as provided elsewhere in this Agreement.

11. Non Issuance of Water and Wastewater CC&N Expansion. In the event that Coordinator or HUC through best efforts are unable to obtain all of the necessary approvals from the ACC, MCESD and ADEQ within twenty-four (24) months of the execution of this Agreement with respect to the water, reclaimed water and wastewater services provided for herein, then the Landowner or Coordinator at either party's option may terminate the portions of this Agreement as it relates to reclaimed water and wastewater services without recourse to either party. In the event of termination of the wastewater portion of this Agreement and excluding the CPI Factor, Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County as reasonably requested by Landowner and waive any

lien rights it may have under this Agreement for \$3,000 per EDU of the \$5,500 per EDU contemplated in this Agreement for reclaimed water and wastewater services. The Parties agree to execute necessary amendments to this Agreement in the event of termination of the wastewater portion of this Agreement. In that event, Landowner's payment obligations under section 4.1 above shall be reduced in proportion to the reduction of the \$5,500 per EDU payment under section 4.1 above to \$2,500 per EDU for water service, which includes Landowner \$500 per EDU payment noted below. For example, upon issuance of the SWN for 2,000 EDUs, Landowner's payment obligations will be reduced to \$225 times 2,000 EDUs or \$450,000 upon issuance of the SWN. Further, in the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying HUC any necessary regulatory approvals to provide wastewater service to the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain \$500/EDU of the payments made under section 4.1 as of such date for water service on the condition that WUGT has obtained a final order from the ACC approving the CC&N extension to include all of the Land, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

In the event that Coordinator or WUGT are unable to obtain ACC approval for extension of WUGT's CC&N to include all of the Land or other necessary governmental approvals within 24 months for provision of water service to the Land, then Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County affecting those portions of the Land as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for water services. The Parties agree to execute necessary amendments to this Agreement in the event of non-issuance of the CC&N extension for water service to the Land. In the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying WUGT any necessary regulatory approvals to provide water service to any portions of the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be

entitled to retain a proportional share of \$500/EDU of the payments made under section 4.1 equal to that proportion of the Land included within WUGT's CC&N and that portion of the Land for which WUGT is authorized to provide water service, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

12. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable costs, expenses and attorney's fees incurred in litigating, arbitrating, or otherwise resolving such dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

13. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement. Acts of the parties hereto shall be excused during the period of intervening acts of God or other force majeure events not attributable to the nonperforming Party.

14. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

15. Most Favored Nation. Coordinator agrees that for the CC&N expansion and CC&N extension contemplated to commence in the July 2006 timeframe in the area West of the Hassayampa River, that if the Coordinator enters into an Infrastructure Coordination Finance and Option Agreement or an agreement with similar terms with another landowner that lies within the CC&N area of WUGT and HUC as extended (with the exception of Belmont), the Coordinator will not provide pricing, terms, or conditions more favorable to that landowner than provided herein to the Landowner, unless Coordinator amends this Agreement with the written consent of Landowner to include such pricing, terms, or conditions so that this Agreement is at least as favorable to the Landowner as the pricing, terms, and conditions offered to the other landowner.

16. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

17. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

18. Additional Instruments. The Parties hereto agree to execute, acknowledge, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

19. Severability. Every provision of this Agreement is intended to be severable except as otherwise provided in this Agreement. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

20. Incorporation by Reference. Every recital set forth herein above, exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

21. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered

personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes upon actual receipt at the addresses noted below.

Any notice sent to Coordinator shall be sent to:

Cindy Liles
Global Water Resources, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Any notice sent to Landowner shall be copied simultaneously to the following persons:

Mark C. Brown,
8540 E. McDowell Road, #90
Mesa, AZ 85207
Fax: (480) 380-0040

Rick Jellies
The Lead Group
2151 E. Broadway Road, Suite 203
Tempe, AZ 85282
Fax: (480) 557-7772

Mike Grant
Todd C. Wiley
Gallagher & Kennedy
2575 E. Camelback Road
Phoenix, Arizona 85016-9225
Fax: (602) 530-8500

22. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator and Landowner and their successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall record such documents

as are reasonably requested to reflect payment in full for that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to record any release or waiver document as requested which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles, Senior Vice President
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

LANDOWNER:

First American Title Insurance Company, a
California corporation as trustee under Trust
No. 8559 and not Personally.

By: Simin Berry
Trust officer
First American Title Insurance Company
Trust Department
4801 East Washington Street,
Suite 140
Phoenix, Arizona 85034

STATE OF ARIZONA

)

) ss.

County of Maricopa

)

On July 11, 2006, before me,
Rebecca Scott, a Notary Public in and for said state, personally
 appeared Cindy M. Liles, personally known to me (or proved to me on
 the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
 instrument and acknowledged to me that they executed the same in their authorized capacities,
 and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
 persons acted, executed the instrument.

WITNESS my hand and official seal.



Rebecca Scott
 Notary Public in and for said State

My Commission Expires:

STATE OF ARIZONA

)

) ss.

County of Maricopa

)

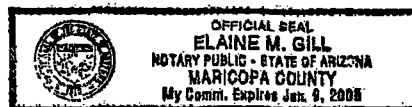
On 7-7-06, before me,
Elaine M. Gill, a Notary Public in and for said state, personally
 appeared Simon Berry, Trust Officer, personally known to me (or proved to me on
 the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
 instrument and acknowledged to me that they executed the same in their authorized capacities,
 and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
 persons acted, executed the instrument.

WITNESS my hand and official seal.

Elaine M. Gill

Notary Public in and for said State

My Commission Expires:



20060939366

EXHIBIT A

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

PARCEL NO. 3:

AS TO AN UNDIVIDED 76.4% INTEREST

**THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH,
RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY,
ARIZONA.**

**EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF
THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH,
RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA;
AND**

**EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF
THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH,
RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA;
AND**

**EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN
DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY,
ARIZONA.**

PARCEL NO. 4:

AS TO AN UNDIVIDED 76.4% INTEREST

**THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH,
RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY,
ARIZONA;**

**EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN
DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY,
ARIZONA.**

PARCEL NO. 5:

AS TO AN UNDIVIDED 23.6% INTEREST

**THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE
GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.**

PARCEL NO. 11:

THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF SAID EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 29 WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 134 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°00'38" WEST, 1478.55 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTH 75°04'23" EAST, SOUTH 470.76 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 00°03'23" WEST, 243.17 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 20;

PARCEL NO. 13:

THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 14:

THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

20060939366

EXHIBIT A-1

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

PARCEL NO. 1:

THE NORTH HALF OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTHEAST QUARTER OF SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 2:

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER SECTION 20, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 3:

AS TO AN UNDIVIDED 23.6% INTEREST

THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THE NORTH 262.91 FEET OF THE SOUTH 303.26 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE SOUTH 282.91 FEET OF THE NORTH 476.97 FEET OF THE EAST 154.00 FEET OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 4:

AS TO AN UNDIVIDED 23.6% INTEREST

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL DEPOSITS AND RIGHTS AS RESERVED BY STATE OF ARIZONA IN DEED RECORDED AS BOOK 360 OF DEEDS, PAGE 10, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

AS TO AN UNDIVIDED 76.4% INTEREST

THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 6:

THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 7:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 8:

THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH 00°00'05" WEST, 75.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30;

THENCE SOUTH 75°07'10" EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH 75°07'10" EAST-SOUTH 75°04'23" EAST;

THENCE SOUTH 75°04'23" EAST, 2445.44 FEET TO A POINT ON THE LINE COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS 50°00'38" WEST, 1476.85 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH 75°04'23" EAST, TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29; AND

EXCEPT THEREFROM THOSE PORTIONS LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND:

TRACT NO. 1:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 475.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°39'22" WEST, 33.00 FEET;

THENCE SOUTH 08°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 361.77 FEET;

THENCE NORTH 09°31'38" WEST 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 and 30, WHICH POINT BEARS SOUTH 00°00'38" EAST 2505.94 FEET FROM THE CORNER COMMON TO SECTIONS 29, 30, 31 AND 32;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE NORTH 07°33'28" WEST, 888.33 FEET TO THE EXISTING SOUTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY TO (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 06°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 5 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

PARCEL NO. 9:

THAT PORTION OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 511 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 50 FEET;

THENCE SOUTH 1093 FEET;

THENCE EAST ALONG THEN NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE NO (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION LYING WITH THE FOLLOWING DESCRIBED PARCEL OF LAND.

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT SOUTH $00^{\circ}00'38''$ WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 29 AND 30;

THENCE NORTH $59^{\circ}59'22''$, 33.00 FEET;

THENCE SOUTH $05^{\circ}19'27''$ WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH $75^{\circ}04'23''$ EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310,424.2 FEET;

THENCE NORTH $04^{\circ}29'47''$ WEST, 381.77 FEET;

THENCE NORTH $09^{\circ}51'36''$ WEST, 507.51 FEET;

THENCE NORTH $89^{\circ}39'22''$ WEST, 33.00 FEET TO THE POINT OF BEGINNING.

PARCEL NO. 10:

THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 30, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THAT PORTION WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE;

BEGINNING AT A POINT ON THE WEST LINE OF SECTION 30, WHICH POINT BEARS SOUTH $00^{\circ}00'05''$ WEST, 76.94 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 30; THENCE SOUTH $75^{\circ}07'10''$ EAST, 2990.74 FEET TO A BEARING EQUATION POINT, AT WHICH POINT SOUTH $75^{\circ}07'10''$ EAST, SOUTH $75^{\circ}04'23''$ EAST;

THENCE SOUTH $75^{\circ}04'23''$ EAST, 2445.44 FEET TO A POINT ON THE LINE;

COMMON TO SAID SECTION 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST, WHICH POINT BEARS SOUTH $00^{\circ}00'38''$ WEST, 1476.83 FEET FROM THE SECTION CORNER COMMON TO SECTION 19, 20, 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE CONTINUING SOUTH $75^{\circ}04'23''$ EAST TO THE EAST LINE OF SAID WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29.

PARCEL NO. 12:

THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THEREFROM THOSE PORTION LYING WITH THE FOLLOWING DESCRIBED PARCELS OF LAND;

TRACT NO. 1

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS SOUTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22"W, 33.00 FEET;

THENCE SOUTH 087°19'27"W, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE NORTH 04°29'47" WEST, 381.77 FEET;

THENCE NORTH 09°51'35" WEST, 507.51 FEET;

THENCE NORTH 89°59'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING.

TRACT NO. 2:

BEGINNING AT A POINT ON THE LINE COMMON TO SAID SECTIONS 29 AND 30, WHICH POINT BEARS NORTH 00°00'38" WEST, 476.85 FEET FROM THE CORNER COMMON TO SECTIONS 19, 20, 29 AND 30;

THENCE NORTH 89°59'22" WEST, 33.00 FEET;

THENCE SOUTH 087°19'27" WEST, 809.17 FEET TO THE EXISTING NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY);

THENCE SOUTH 75°04'23" EAST, ALONG SAID RIGHT-OF-WAY LINE, A DISTANCE OF 310.42 FEET;

THENCE SOUTH 087°19'27" WEST, 809.17 FEET;

THENCE NORTH 89°39'22" WEST, 33.00 FEET TO THE POINT OF BEGINNING; AND

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE FOLLOWING DESCRIBED PARCEL OF LAND;

BEGINNING AT THE NORTHEAST CORNER OF SECTION 30;

THENCE WEST ALONG THE NORTH SECTION LINE 311 FEET;

THENCE SOUTH 90 FEET;

THENCE WEST 30 FEET;

THENCE SOUTH 1098 FEET;

THENCE EAST ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (EHRENBERG-PHOENIX HIGHWAY) TO A POINT COMMON TO SECTIONS 29 AND 30, TOWNSHIP 2 NORTH, RANGE 6 WEST;

THENCE NORTH ALONG THE EAST SECTION LINE TO THE POINT OF BEGINNING.

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EXHIBIT B

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

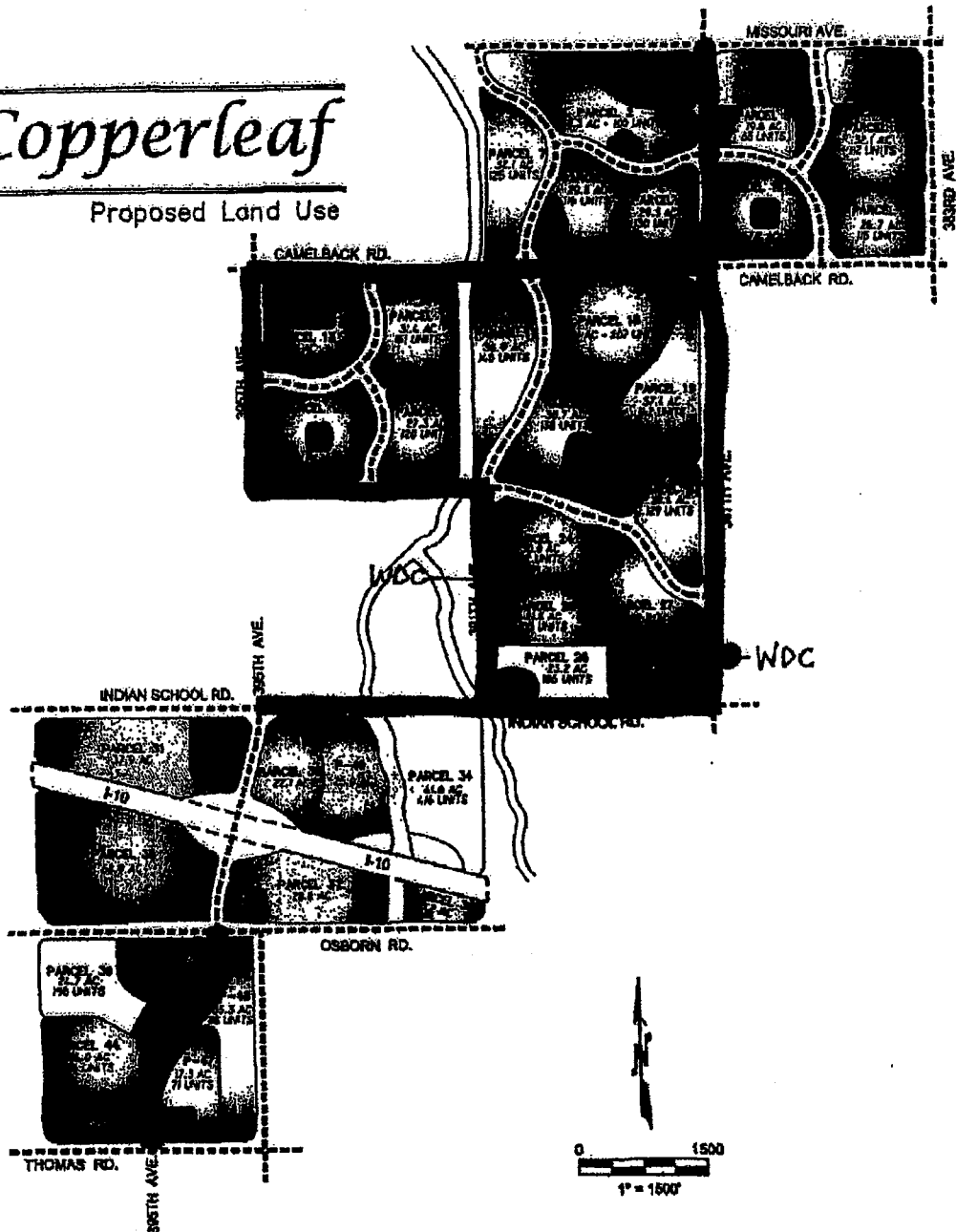
SITE PLAN

20060939366

**EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
SITE PLAN**

Copperleaf

Proposed Land Use



**EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
SITE PLAN
IS ON FILE AT:
GLOBAL WATER RESOURCES, LLC
21410 NORTH 19TH AVE., STE. 201
PHOENIX, ARIZONA 85027**

EXHIBIT C

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

START WORK NOTICE

SAMPLE START WORK NOTICE

Invoice Date:

Due Date:

Invoice to: **Landowner Name**
 Landowner Address

By issuance of this Start Work Notice, Landowner notifies and authorizes Coordinator to commence the bidding of the construction jobs necessary to provide water, wastewater and reclaimed water services to the development.

Amount due:

Number of lots within development	1,000
Start Work Notice fee per lot	\$500
Invoice Amount	\$500,000

EXHIBIT D
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

DESCRIPTION OF WUGT AND HUC SERVICES TO BE COORDINATED BY COORDINATOR

WUGT

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide water service to the project.

- Expand CC&N water service area to include the Land, if necessary, including filing for a CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master water plan with respect to the Land;
- Confirm, construct and/or develop sufficient water plant, well source capacity and Central Arizona Project water source capacity and delivery systems for the Land;
- Extend a water distribution main line to the Delivery Points;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide a 100-year assured water supply through Department of Water Resources via an Assured Water Designation or assist Landowner with the Certificate for Assured Water Supply application required for final Plat Approvals and Department of Real Estate approvals;
- Prepare Interim Use Permit for Land as described within this Agreement;
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

HUC

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide reclaimed water and wastewater service to the project.

- Expand CC&N wastewater service area to include the Land, including filing for a CC&N or CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master wastewater plan with respect to the Land;
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities;
- Confirm, construct and/or develop sufficient wastewater plant capacity and Off-Site Facilities for the Land;
- Extend a wastewater collection system main line to the Delivery Points;
- Extend a reclaimed water line to a water storage facility within the Land;

- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Maricopa County Association of Governments (MAG) 208 Water Quality Plan as necessary;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement),

EXHIBIT E
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between
WATER UTILITY OF GREATER TONOPAH an Arizona corporation ("Company"), and
_____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel _____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of _____, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), and the Company shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit

"B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points") and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction

and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those water and reclaimed water facilities to be constructed by Company or its affiliates under this Agreement, including all water, reclaimed water, and treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction with such approval not be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials

and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and material men have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. In no event shall such Administrative Costs exceed 10.0% of the cost of the Facilities. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7,

above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20)

days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Water Utility of Greater Tonopah
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein.

Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

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DEVELOPER:

By _____
Its _____

COMPANY:

WATER UTILITY OF GREATER TONOPAH
an Arizona corporation

By _____
Cindy Liles
Its: Senior Vice President

20060939366

EXHIBIT "A"
Legal Description

20060939366

EXHIBIT "B"

Point(s) of Connection [Delivery Point(s)]

EXHIBIT "C"**Water Facilities Budget**
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between HASSAYAMPA UTILITY COMPANY, an Arizona corporation ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel _____ of _____ consisting of _____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), the Company has shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and the Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B" (the "Delivery Points"). Company is willing to provide sewer utility service to the

Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points"), and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those wastewater facilities to be constructed by Company or its affiliates under

this Agreement, including all wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction with such approval not to be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the

Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and material men have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent (2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such

advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Hassayampa Utility Company,
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which

notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise

relating to Company's failure to comply with any of the terms and conditions contained herein. Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

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DEVELOPER:

By _____
Its _____

COMPANY:

HASSAYAMPA UTILITY COMPANY
an Arizona corporation

By _____
Cindy M. Liles
Its: Senior Vice President

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EXHIBIT "A"
Legal Description

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EXHIBIT "B"

Point(s) of Connection (Delivery Point)

EXHIBIT "C"**Wastewater Facilities Budget**
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT GINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENTOFF SITE FACILITIESWater

Backbone/offsite water infrastructure includes all ground water wells, treatment facilities, storage and distribution centers, and major distribution pipelines (typically 16" diameter or greater) that generally run beneath major roadways. These roadways are usually located along section lines and cover a one mile by one mile grid. Connection stubs to onsite/in-parcel infrastructure are provided from these distribution pipelines.

Wastewater/Reclaimed Water

Backbone/offsite wastewater infrastructure includes all major collection pipelines (typically 18" to 48" diameter) that generally run beneath major roadways. Connections to these pipelines are typically provided for the onsite/in-parcel wastewater collection system at designated locations along a one mile by one mile section line grid. Backbone/offsite wastewater infrastructure also includes all lift stations, reclamation facilities, and major reclaimed water distribution pipelines. Reclaimed water infrastructure generally runs parallel to the wastewater main lines within the major roadway to the onsite storage facility provided by the Landowner.

EXHIBIT H

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

The attached maps indicate proposed lines to be the responsibility of the utilities based on the proposed land use plan submitted. Typically, the utility is responsible for water lines in size of 16 inch or greater and wastewater lines 18 inch or greater. The Delivery Points as designated on the attached maps will change as agreed according to the final map.

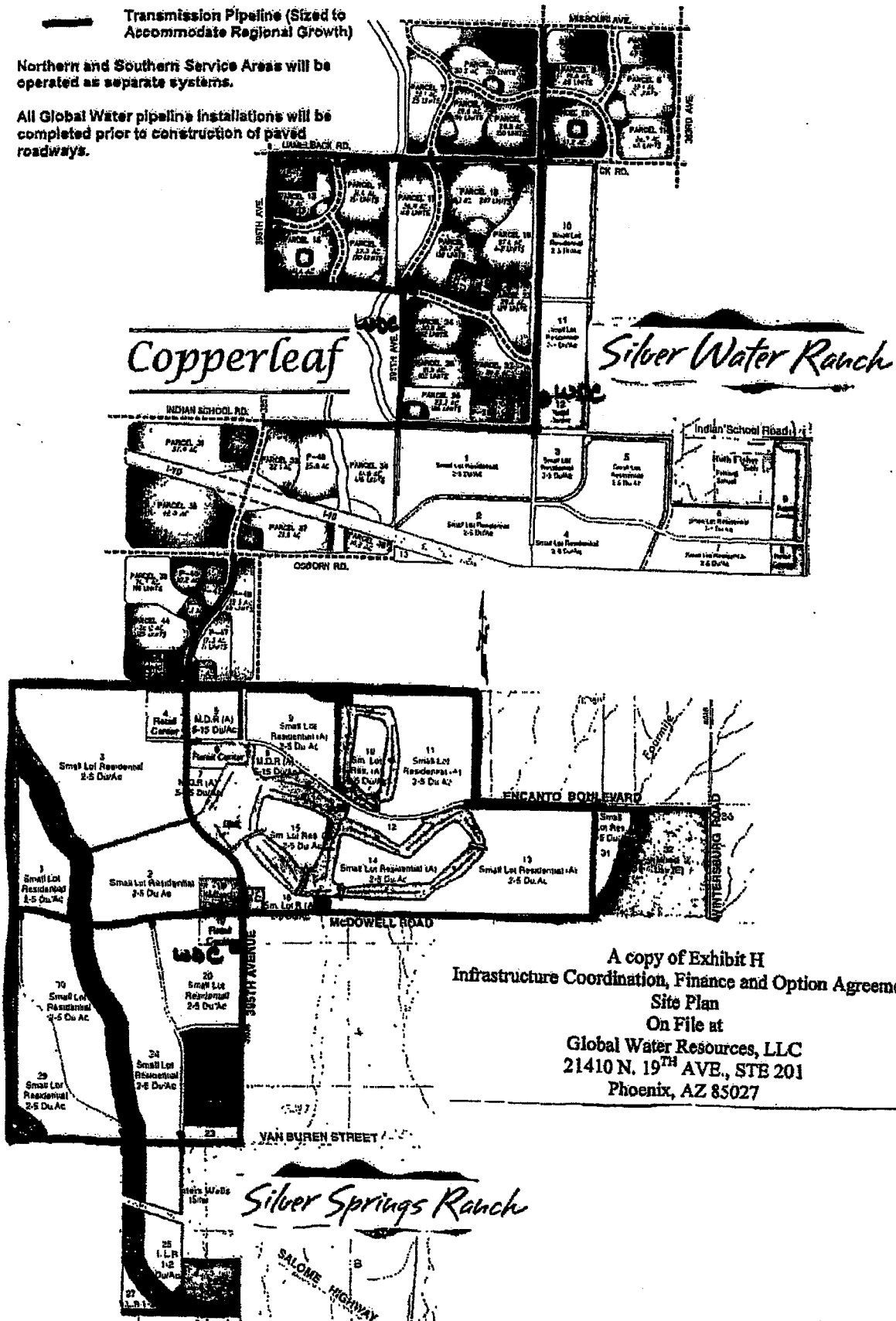
Potable Water Master Plan
Global Water Installations

WDC Water Distribution Centers
(Storage and Pumping Stations)

— Transmission Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas will be
operated as separate systems.

All Global Water pipeline installations will be
completed prior to construction of paved
roadways.



A copy of Exhibit H
Infrastructure Coordination, Finance and Option Agreement
Site Plan
On File at
Global Water Resources, LLC
21410 N. 19TH AVE., STE 201
Phoenix, AZ 85027

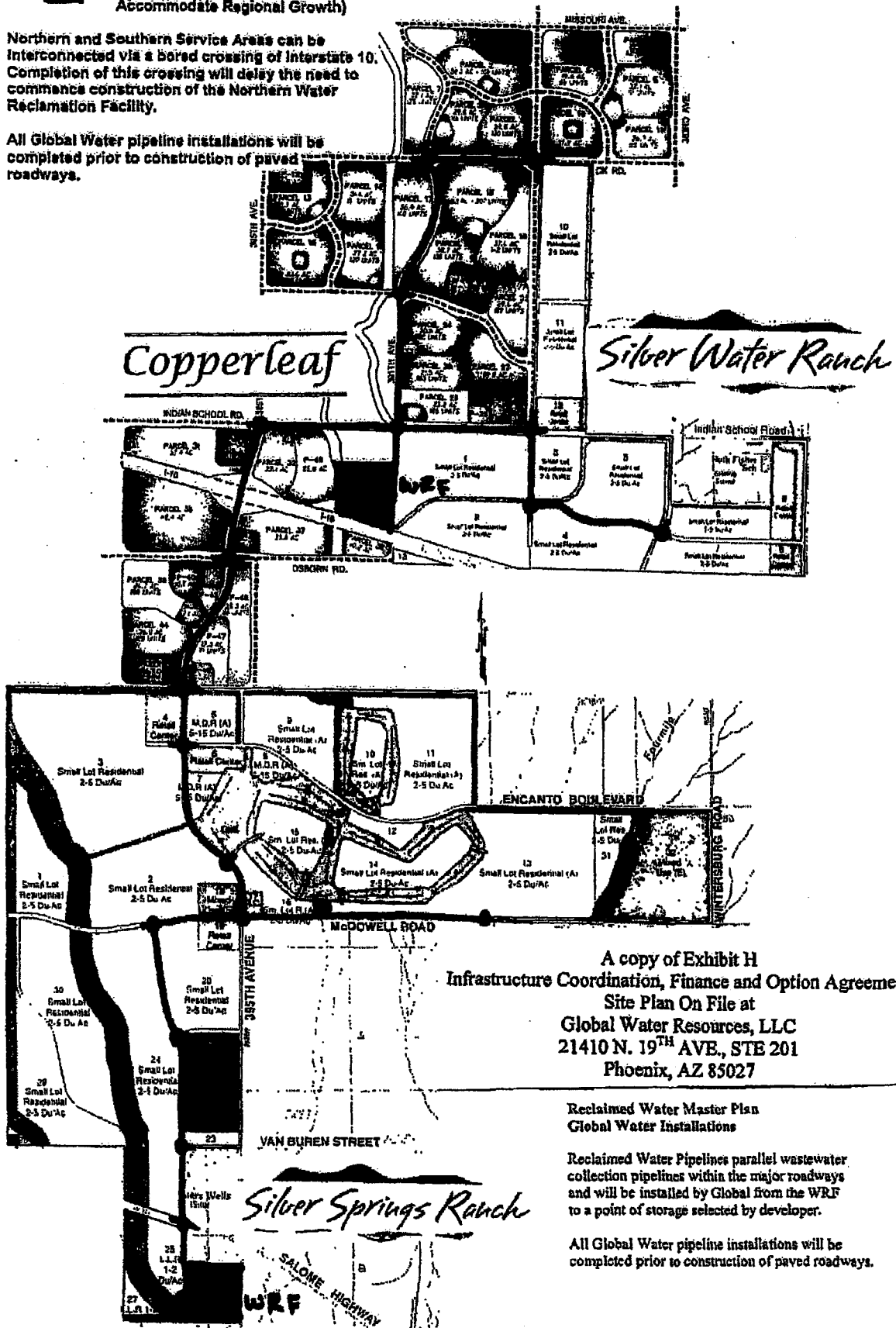
Wastewater Master Plan
Global Water Installations

WRF Water Reclamation Facilities

Collection Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas can be interconnected via a bored crossing of Interstate 10. Completion of this crossing will delay the need to commence construction of the Northern Water Reclamation Facility.

All Global Water pipeline installations will be completed prior to construction of paved roadways.



A copy of Exhibit H
Infrastructure Coordination, Finance and Option Agreement
Site Plan On File at
Global Water Resources, LLC
21410 N. 19TH AVE, STE 201
Phoenix, AZ 85027

Reclaimed Water Master Plan
Global Water Installations

Reclaimed Water Pipelines parallel wastewater
collection pipelines within the major roadways
and will be installed by Global from the WRF
to a point of storage selected by developer.

All Global Water pipeline installations will be
completed prior to construction of paved roadways.

EXHIBIT IINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

WATER UTILITY OF GREATER TONOPAH
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Water Utility of Greater Tonopah, Inc. ("WUGT") is a private water company authorized by the Arizona Corporation Commission ("ACC") to furnish water utility service within portions of Maricopa County. [Insert Name of Landowner] has requested that WUGT provide water utility service to the Copperleaf Development as set forth on the legal description attached to this letter as Exhibit A. WUGT has determined that the Development is located partially within WUGT's service territory. Within 30 days of the closing of the pending acquisition of WUGT and the Western Maricopa Combine, WUGT shall file an application with the ACC seeking approval to extend WUGT's CC&N to include all of the land set forth on Exhibit A.

Based upon the inclusion of the above referenced land in the certificate of convenience and necessity (CC&N) territory approved by the ACC, and subject to execution of water line extension agreements by the Landowner and other regulatory approvals including Arizona Department of Water Resources, WUGT has agreed to provide water utility service to the Development. Further, WUGT has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, WUGT shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to

be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President

HASSAYAMPA UTILITY COMPANY
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Hassayampa Utility Company ("HUC") has submitted an application to the Arizona Corporation Commission ("ACC") to form a private wastewater company authorized to furnish reclaimed water and wastewater utility service within portions of Maricopa County. Insert Name of Landowner] has requested that HUC provide reclaimed water and wastewater utility service to the Copperleaf Development as set forth on the legal description attached to this letter as Exhibit A.

Based upon the ACC's approval of the formation of the certificate of convenience and necessity (CC&N) for HUC, the ACC's approval to include the Development in HUC's CC&N territory, execution of wastewater line extension agreements by Landowner and other regulatory approvals including the MAG 208 amendment, HUC has agreed to provide reclaimed water and wastewater utility service to the Development. Further, HUC has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, HUC shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

20060939366

Respectfully yours,

Cindy M. Liles
Senior Vice President
